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**LIFE
INSURANCE
EDITION**

The NATIONAL UNDERWRITER

Forty-third Year—No. 25

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, JUNE 23, 1939

\$3.00 Per Year, 15 Cents a Copy

Goodcell Removed as Commissioner in California

Much Interest Taken in Action on the Convention Special

SAN FRANCISCO—Governor Olson has named Judge Anthony Caminetti, Jr., of Amador County, insurance commissioner and sent the nomination to the senate for confirmation. Previously he had named Senator Herbert Jones but the latter refused the appointment.

By LEVERING CARTWRIGHT

SAN FRANCISCO—On the eve of the annual convention of the National Association of Insurance Commissioners in San Francisco, the question of who was to be the host commissioner became the absorbing topic of the hour. Just about as the 17 car special train transporting the easterly contingent of some 200 was passing through Sacramento, four days out of New York, Governor Olson was submitting to the state senate another man for appointment as California insurance commissioner succeeding Rex B. Goodcell.

Word of the situation was brought to those on the special by Frank Bland, San Francisco manager of THE NATIONAL UNDERWRITER, on the Pacific Coast, who boarded the train at Sacramento, and that started a great buzzing. Late into the night the conventioners were keeping in touch with developments until at about midnight Mr. Goodcell appeared at the hotel with the news that at least he would be the insurance commissioner for the opening session of the convention Wednesday morning. The legislature recessed at 11 p. m. Tuesday, after stopping the clock for 72 hours, adjournment having been scheduled for 5 p. m. Tuesday, to reconvene at 11 a. m. Wednesday. The legislature had not acted on the appointment of Judge Anthony Caminetti, Jr., of Amador county at that hour.

How Goodcell Got In

Mr. Goodcell was first appointed to complete the unexpired term of S. L. Carpenter, Jr. Then, just before Gov. Olson took office, Mr. Goodcell was named for a new term by the outgoing governor, Frank Merriam, and the senate confirmed him. Mr. Olson was mad and he has been seeking ways to unseat Mr. Goodcell. On Monday of this week the attorney general delivered the opinion that Mr. Goodcell's term expired at 5 p. m. Tuesday. Early Tuesday Gov. Olson sounded out the senate on the acceptability of former State Senator Herbert Jones of San Jose without actually submitting his name. Apparently the senate was not prepared

(CONTINUED ON PAGE 23)

Mortality Study Committee Makes Recommendations

SAN FRANCISCO.—Use of mortality tables based on modern experience, on a permissive basis was recommended to the convention here of the National Association of Insurance Commissioners by the special committee which for some time has been studying the need for a new mortality table and related topics. The committee was appointed in 1937 by George A. Bowles, Virginia commissioner, as president of the commissioners association. Its final report, in the absence of the chairman, was presented by Lloyd Thomson, actuary Indiana department.

The report, covering more than 175 pages, contains a searching study of the functions of the mortality table in life insurance and the desirability of the substitution of tables based on modern mortality experience for the American Experience and other tables which have been subject to much criticism in recent years as being obsolete and failing in properly representing current mortality.

The report contains results of investigations into recent mortality under both ordinary and industrial insurance. Two new mortality tables representative of current experience are presented; an ordinary table, Table Z, and an industrial table, Table X. Considerable space is devoted to studies of premium rates, policyholders dividends and other matters affected by the mortality table.

Model Bill Is Drafted

The committee recommended a model bill for enactment in all states to liberalize valuation standards by permitting a choice, subject to approval of the commissioner, of various mortality tables. The American Experience table would continue as an approved basis and the American Men Ultimate table would become a permissive standard.

The most far-reaching change suggested, however, is permissive use of tables other than these, so long as they meet approved standards. The bill is so drafted that adoption of new tables in accordance with changing mortality conditions may proceed without further amendment to the statutes.

The committee summarized its findings as follows:

"1. It is the rigidity now existing in state valuation laws rather than specific planning on the part of companies which has made the use of the American Experience table almost universal. It is the opinion of the committee that the need for a new mortality table or tables is sufficiently important to warrant some action by the association.

Improvement at Early Ages

"2. There is ample evidence that population mortality at the younger ages has improved very materially during the last 75 years, the improvement decreasing with increase in age, and that little change has taken place above age 50. There is some authority for the belief that this trend will continue. Insurance company mortality experience under various classes of policies has been in accord with these developments.

"3. The expense of preparation of

new mortality tables is a normal operating expense of insurance companies and the cost of preparing new tables need not warrant serious consideration. There is ample material readily available for this purpose.

Regional Diversity Is Noted

"4. Because of the regional diversity in mortality rates it is not possible to construct one table which will represent accurately the mortality to be expected in all the various sections of the United States. However, tables sufficiently representative of general mortality may be constructed which would be more satisfactory as valuation standards than the American Experience table of mortality and the Standard Industrial table of mortality which are in general use as a result of statutory requirements.

"5. Mortality tables based on ordinary insurance experience are not suitable for use in industrial insurance. In general, conclusions developed in connection with ordinary insurance apply to industrial insurance also, except that the committee did not have sufficient data to warrant a recommendation of special tables for calculation and valuation of automatic extended term insurance on such policies.

Adequacy, Equity Vital Factors

"6. In the calculation of premiums the important requirements are adequacy and equity as between the various plans and ages involved. In the case of non-participating premiums it is immaterial, within certain limitations, whether the premiums are based upon a table showing high rates of mortality with small expense and contingency margins or upon table showing lower rates of mortality and higher margins. In the case of participating premiums the process of surplus distribution if properly applied, equalizes the cost of insurance under either arrangement.

"7. The net cost of insurance to policyholders in the aggregate would probably not be reduced by the use of more modern tables for valuation purposes, since reserves would tend to be increased and non-forfeiture benefits would probably not be decreased to any appreciable extent. But there would be some rearrangement in the incidence of premiums, surrender values and dividends according to plan, age and duration of insurance leading, possibly, to greater equity in the distribution of the cost of insurance among policyholders.

Another Aspect Pointed Out

"8. The use of modern tables resulting in certain changes in reserves would without a corresponding change in statutory surrender charges, increase the minimum non-forfeiture benefits at many ages and on many plans, and would permit reductions at other ages and plans. Mortality rates under extended term insurance granted on lapse of ordinary policies, whether automatic or optional, are substantially higher than under premium paying policies and calculations in connection therewith require special treatment.

(CONTINUED ON PAGE 24)

SEC Probe Drama of Life Insurance History in Making

Interest Heightened Now That Federal Regulation Looms as Main Aim

By R. B. MITCHELL

WASHINGTON — As a dramatic spectacle the monopoly inquiry into insurance has a fascination that is unique. Everyone watching it knows that he may well be seeing history in the making. Every personality on the scene and behind the scenes may be a potential factor in changing the shape of life insurance's future.

The hearings are held in the Senate caucus room in the Senate office building. This is a large, high-ceilinged, marble-columned room which though impressive is not gloomy, as it has large windows and light walls. Air-conditioning foils Washington's famous heat. Almost half the room is taken up by the tables where the committee and other principals sit. From the spectators' seats, the committee's table is in the form of a big "T" with an elongated top bar and a short shank.

Location of Principals

The witness sits at the foot of the T, facing the chairman, Senator O'Mahoney of Wyoming, who sits at the middle of the cross arm of the T. Seated at the shank of the T where it joins the cross arm is the Securities & Exchange Commission's examiner, Gerhard Gesell, a large, cheerful young man who is none the less an able inquisitor. Opposite Gesell are the official stenotypists, for everything that is said except the rare "off the record" remarks of the chairman, goes into the official transcript. Ranged at either side of O'Mahoney are the other members of the committee or their alternates.

The committee is made up of administrative heads of government departments and members of Congress in equal proportions but aside from Gesell and O'Mahoney it is the New Deal element among the administrative heads that is most frequently heard from. The Senators and Representatives—except for O'Mahoney—do not have much to say.

Jerome Frank Active

It is of course to be expected that Chairman Jerome Frank of the SEC would take an unusually active part in the examination, since it is the SEC which has dug up the evidence which is being presented. The same applies to Leon Henderson, SEC commissioner and former executive secretary of the monopoly committee. The committee, incidentally, like everything else in Washington, is coming to be known by

(CONTINUED ON PAGE 9)

Failure to Protect Public May Lead to Federal Control

Superintendent Lucas Stresses Guardianship Functions in Talk

SAN FRANCISCO—Failure to faithfully protect the public by proper administration of state insurance laws may lead to federal supervision, Superintendent Lucas of Missouri declared in stressing the importance of the insurance commissioner's functions as public guardian before the National Association of Insurance Commissioners here. The insurance commissioner occupies the greatest administrative position in the state and the manner in which he performs his duties affects more people and involves more money in investments than the activities of any other state official, Judge Lucas said. In referring especially to life insurance, he said a commissioner should exercise his power at all times in the protection of the millions who are dependent upon him for full payment of their policies when they terminate.

Criticism Sometimes Unjust

Certain groups are charging that state supervision is lacking in proper administration of insurance, Judge Lucas said. Federal supervision has already been applied to many businesses that formerly answered to state controlled bodies as a result of improper state administration.

At times state laws are inadequate to afford the commissioner the authority to properly correct the wrongs committed by a company or its agents and the commissioner is criticised for something beyond his control. However, in such a case the commissioner should turn to his legislature for some remedial statute at the earliest opportunity.

Excessive Compensation Condemned

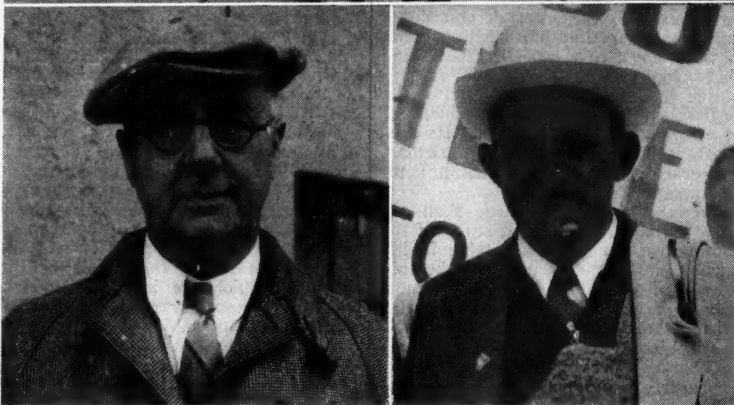
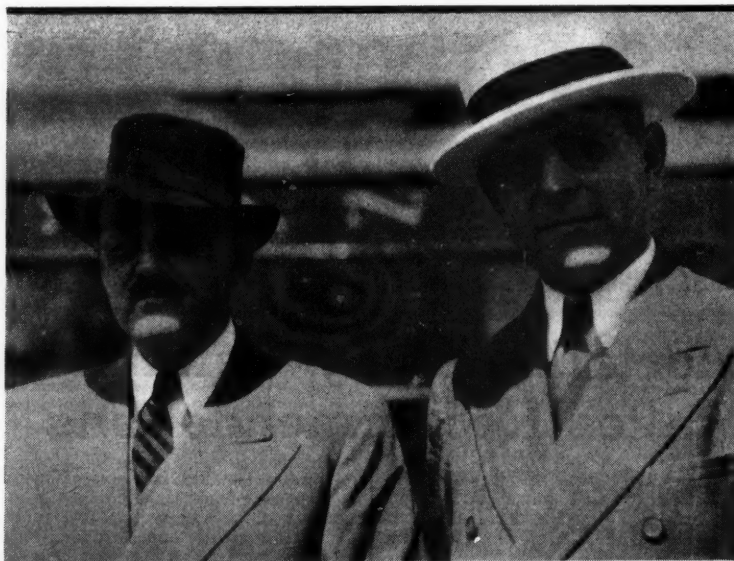
Excessive commissions to agents were condemned by Judge Lucas. "Any form of practice by a company whereby a portion of the premium is improperly diverted, whether it be excessive salaries to officers, bonuses to finance companies, preferment, extra commissions to agents or rebates to large buyers of insurance, etc., should be promptly condemned by the insurance commissioners and the violators severely punished."

Administrative law is advancing rapidly and it is generally recognized by the courts that an administrative body approaches the authority of a legislative body. This development comes from the public demand for quick action and prompt execution.

Commissioner Has Authority

Administrative law has uniformly recognized that the commissioner or administrator is clothed with authority to promulgate regulations and departmental orders in aid of statutory authority in order that the department may enforce the rights which have been delegated to it. Although courts were at first loath to extend this power to administrative bodies, over a period of years they have finally concluded that administrative bodies must of necessity possess the authority to promulgate regulations and to enforce them promptly. Otherwise their usefulness would be destroyed, Judge Lucas said.

The insurance commissioners must see that the reserves of the companies are safely invested and income derived



EN ROUTE TO COMMISSIONERS MEETING:

Top row (left to right) Alfred MacArthur, president Central Life of Illinois; Hyman A. Pierce, Chicago attorney.

Middle row—H. A. Joyce, deputy commissioner Maryland; B. M. Anderson, attorney Connecticut General Life.

Bottom Row—George F. Wall, secretary American Mutual Life, and Mrs. Wall.

Departmental regulatory policies must of necessity vary when economic conditions shift. It is the duty of the commissioner to inquire into the investments of the companies and to properly appraise their value. Even though the reserves are invested in securities prescribed by statute, the insurance department has the right to make the companies stay away from investments which are unsound. Many policies become valueless because the reserves

behind the policies were not properly supervised by the commissioner charged with the supervision.

The insurance department should be interested in the licensing of agents and brokers. When licenses are granted to persons without regard to previous record, qualifications or training, there are bound to be disappointed claimants and beneficiaries. The purchaser of a policy is entitled to services of a trained agent, Judge Lucas declared. Lack of con-

Program for A.B.A. Insurance Section Is Prepared

Chairman Kristeller Announces Activities at San Francisco Annual Meeting

The program for the annual meeting of the insurance law section of the American Bar Association at San Francisco July 10-12, was announced by L. P. Kristeller of Newark, the chairman. Sessions will be in the Veterans building.

There will be a general meeting the first afternoon with address of welcome by F. V. Keesling, West Coast Life, and response by Mr. Kristeller; an address by Commissioner Rex B. Goodcell and committee reports.

Eight round table conferences will be held the next day and the annual dinner with floor show that evening. Election of officers will come the third afternoon. The program as it relates to life insurance is:

Monday, July 10, 2 p. m.

Address of welcome, Francis V. Keesling, West Coast Life, San Francisco.

Response, L. P. Kristeller, chairman.

Address, Rex B. Goodcell, insurance commissioner of California.

Report, Secretary Howard C. Spencer, Rochester, N. Y.

Appointment of nominating committee.

Report of committee chairmen: Membership, George J. Cooper, Detroit.

Fraternal insurance law, A. W. Fulton, Chicago.

Qualification and regulation of insurance companies, E. W. Patterson, New York.

Lay insurance adjusters, E. S. Gambrell, Atlanta.

Prospective legislation, Philip Sterling, Philadelphia.

Unauthorized insurance companies, H. S. Moser, Chicago.

Taxation of insurance companies, E. M. Griggs, National Board, Chicago.

Discussion of committee reports.

Address, "Insurance Horse-Sense vs. Economic Non-Sense," A. M. Best, New York.

Address, "Aviation and Insurance Law," W. R. McKelvy, Skeel, McKelvy, Henke, Evenson & Uhlmann, Seattle.

Address, "Insurance Law," W. R. McKelvy, Skeel, McKelvy, Henke, Evenson & Uhlmann, Seattle.

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Over Million on Jantzen

PORTLAND, ORE.—Carl C. Jantzen, head of the Jantzen Knitting Mills, who died recently at age 56, was reported insured for considerably over \$1,000,000.

Control over the business of producers is probably the most serious handicap of the insurance department of any state, especially those with large cities.

Pink Addresses Life Underwriters of San Francisco

Discusses Counsellors, Group Rate and Experimental Forms of Coverage

SAN FRANCISCO—Life insurance counsellors, savings bank and other experimental forms of life insurance, and the way that group rates are established were discussed by L. H. Pink, insurance superintendent of New York, at the annual meeting of the San Francisco Life Underwriters Association held here this week. Mr. Pink said in part:

"I understand that you have insurance counsellors in California. We have them in the east. They are not particularly popular with insurance companies or with life men. They are not entirely an evil nor are they an unmixed blessing. We have had insurance counsellors in large industries for some years and there has not been the slightest criticism. They perform a useful function. They do not hold themselves out as advisers to the general public and there has been no need for regulation. But the insurance counsellors in the life field hold themselves out as representatives of the public. It may be that there is some useful field for a development of this kind. I do not know. Time alone will tell. But I do say to you that we cannot permit self-appointed men to snipe at this great institution of insurance for their own selfish purposes without regulation or professionalization."

No Supervision Over Advisers

"There is no supervision or control over these advisers and many policyholders, particularly those in poor circumstances who buy industrial insurance, have been induced to pay for advice thus adding to the cost of the insurance, already higher than we would like to see it. Some of these attacks have been below the belt and you should fight back. But some of the criticism, whether well intentioned or not, is based in part at least upon facts and should not be ignored. While we serve an honorable and beneficent institution we must not feel that it is perfect or above criticism. We must welcome all honest criticism and try to profit by it. It is your obligation as the public relations men of the industry to protect the public and to bring back to your companies the opinions of your policyholders and any criticisms or suggestions which you think merited. You are the logical connection between the policyholder and the company and if you perform your duty fully and faithfully it will be unnecessary for the public to pay others for insurance advice."

Service Will Solve Problem

"The way to meet the counsellor problem is not by fighting words against words but by giving a high standard of service to the public. If there is no let-down when you have sold the insurance and received the commission, if you continue to serve your client with professional ability and zeal through the years, if you maintain the respect and confidence of your client, you have nothing to fear from the insurance counsellor or from any body of men who are not fully professionalized and who may have a selfish interest at heart. It has been well said that the greatest asset of insurance is public confidence and that

(CONTINUED ON LAST PAGE)

N. Y. Official Warns of Fee Seekers

Department Radio Broadcast Offers Public Free Advice About Policies

NEW YORK.—Citing letters from people who have through misunderstanding paid substantial fees for worthless advice from fee counsellors, D. F. Broderick, chief of the life bureau, New York department, broadcast a warning against insurance counsellors in a radio address over WNYC, the municipal station of New York City. Offering the department facilities to those puzzled about their insurance problems, Mr. Broderick said:

"We have no right to compel people to stay away from insurance counsellors any more than we have to compel them to go to them for advice, but we earnestly suggest that you be careful whom you leave your policies with, and above all, if you want to know anything about your insurance, and for any reason do not wish to ask your agent, apply directly at the local office or home office of the insurance company."

Offers Facilities of Department

"If, after doing this, you believe that you do not get proper attention, either write to or call at the office of the state insurance department Albany or New York City, where you will receive sympathetic attention, and everything humanly possible will be done for you—all without expense of any kind to you."

Hitting at term insurance apostles, Mr. Broderick said: "Advice has been offered to the effect that all other forms of insurance should be cashed in and an equal amount of term insurance bought, thus effecting a

Will Be President



LEWIS W. DOUGLAS

Lewis W. Douglas, principal of McGill University of Montreal and former director of the United States budget, who is to become president of the Mutual Life of New York Jan. 1, is widely known and has had an extensive experience in business and professional life. He graduated from Amherst in 1916 and the next year took courses at Massachusetts Tech. The news that he is to be president of the Mutual Life has received hearty commendation by the field.

material saving to the policyholder. Inasmuch as the majority of policyholders live to age 64, and premium rates are

(CONTINUED ON LAST PAGE)

Examination Issue Chief Topic with the Commissioners

Annual Convention Is Now in Progress at San Francisco

SAN FRANCISCO—Most observers agree that John C. Blackall of Connecticut is the logical successor to F. N. Julian as president of the National Association of Insurance Commissioners. Whether he is acceptable to the western commissioners, who have become the dominating factor is not certain. Earle of Oregon is understood to be in a receptive mood as to the presidency, as is Moor of District of Columbia.

As the convention opened, indications were that the company examination issue would be the absorbing topic as it has been at the past several meetings. Several schemes for modification of the zone system are under consideration.

Some of the leaders are exerting their influence in favor of modifying the convention examination plan to embrace four instead of six zones and to table all other proposals for change. The sessions at which the issue is debated will be executive.

Interest is taken in what, if anything, may be said about the idea of federal control in view of the current SEC investigation. There again the commissioners are not a unit in opposing the idea.

Report 41 States Represented

At the opening session Secretary Read called the roll, showing that 41 states are represented and three provinces of Canada. President F. N. Julian had the new commissioners take a bow. Kenneth Fulton, secretary to Governor Olson, gave an address of welcome, taking the place of the governor. Mayor Rossi extended a welcome. He was followed by Rex Goodcell, who was given a prolonged, standing ovation. Then came Attorney-general Earl Warren, who on Monday gave the opinion that the California commissioner's term had expired at 5 p. m. the previous day. None of these newcomers made reference to the political melee, the outcome of which was still uncertain.

Insurance Director Palmer of Illinois gave the response. The Mexican commissioner, Hermosilla Reina, gave a talk with the aid of an interpreter. Jess Read reported as secretary. Mr. Julian gave the presidential address.

Lloyd Thomson reported Wednesday morning for the mortality committee. On motion of Gough of New Jersey the report was referred to the life insurance committee for final action at the next convention.

Committee meetings were held Wednesday afternoon and that evening the entire party went to the fair and gathered there at an informal dinner. Thursday morning was devoted to committee meetings and the convention held a formal session Thursday at which Commissioner Nelsen of Utah and Superintendent Lucas of Missouri gave papers. That evening came the formal banquet.

With so many distractions, it is doubtful whether much business can be transacted. The Californians are most hospitable and they have many sights to show and business may be relegated to a secondary position.

There was little opportunity for conferring on the special train, as it con-

(CONTINUED ON PAGE 22)

"EVEN THOUGH"

These two letters, of a type gratifying to the conscientious underwriter, were received by one of our representatives. The husband was killed by lightning on a golf course a few weeks after he was insured.

The Husband's, a year and a half ago:—

"I cannot tell you how great is my sense of security since planning with your assistance a systematic lifetime plan of insurance for the future."

The widow's, recently:—

"My husband has been gone just a year and a half, and it becomes increasingly wonderful to me to realize every time the children and I need things we must buy, what a blessing he bestowed upon us by assuring us enough to live on. He added to his insurance, even though he wanted and needed other things, as much and as often as possible. It was his faith in you, as an adviser and a friend, that now enables the children and me to go on living the lives he wanted us to have."

"Even though he wanted and needed other things!" But the home is secure. And the wife is grateful both to her husband and to the underwriting friend.

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Jefferson Standard Agents Hold Rally in New York City

Big Turnout of Julian Price Club and Other Field Organizations

The Jefferson Standard Life held its annual convention in New York City last week with more than 550 in attendance. Ralph C. Price, vice-president in charge of agencies, presided at the business meetings Thursday and Friday mornings. Following the invocation by James Sewell, Los Angeles, the first morning, President Julian Price extended welcome, commending the agents for excellent production records. E. F.



JULIAN PRICE

Andrews, Greensboro, N. C., was the first man to qualify.

A. G. Myers, Gastonia, N. C., a director and one of the first stockholders, spoke of the stable management and fine field personnel.

Service Pins Are Awarded

Agency Manager M. A. White awarded service pins to these agents: W. H. White, home office; W. R. Ogle, Birmingham; J. W. Garner, Chattanooga; Elwell Jones, Abilene, Miss.; E. W. Gerke, Ft. Worth, Tex.; L. S. Brewster, Birmingham; M. A. Rosoff, Philadelphia, and Frank H. Bell, Richmond, Va.

E. C. Klingman, director of agencies, gave recognition to field leaders and to members of the Julian Price Club. The Julian Price ring is given for a renewal consistency record and high quality business. The man having the largest amount of exposed business and a perfect record is named president each year. A. L. Smith, Birmingham general agent, has the honor this year.

"It pays to get quality agents and to write quality business," Mr. Smith said. "It is this type of business that stays on the books." He said 40 percent of an agent's potential income lies in renewals. Prospecting should be done in the higher brackets. This builds a fine clientele and the agent becomes known as a life insurance counsellor. Mr. Smith's agency has won the conservation cup for four consecutive years.

R. B. Hull, managing director National Association of Life Underwriters, extended a welcome. Secretary Karl Ljung presented checks to members of

(CONTINUED ON PAGE 24)

Pink Cites Main Changes in New Code of N. Y.

The New York department has issued a statement commenting upon certain features embraced in the new insurance code of that state which has just been signed by Governor Lehman.

Under the code, the provisions of industrial life policies are set forth in detail. The beneficiary must be named by the insured and the insurer must pay the proceeds to the named beneficiary if the policy is surrendered within 30 days after death. Forfeiture of insurance because of minor ailments of applicants is prohibited. The insurer is required to send notice to those who are entitled to benefits after defaulting in payment.

In the code the provisions relating to the terms and enforcement of insurance contracts are drawn together in one article. The investment provisions affecting life insurance have also been consolidated.

Investment Provisions

The changes with respect to the eligibility of corporate obligations and preferred stock for investments involve principally the relating of minimum investment standards to the earnings test. The amounts of required earnings have been based upon coverage of fixed charges with modifications applicable to secured obligations, debentures, income bonds and guaranteed stocks. Alternative tests are provided for senior liens where overall coverage may not apply. Earnings qualifications for preferred stocks have been related to fixed charges and dividend requirements.

Individual mortgage loans have been limited to 2 percent of total assets. Mortgages other than FHA loans and purchase money mortgages shall not in the aggregate exceed 40 percent of assets.

The law concerning the valuation of life insurance and annuity policy reserves has been clarified.

Reference to valuation of accidental death benefits appear for the first time.

Recognition of valuations of reserves of alien companies made on some other basis than that prescribed is permitted where the reserves are adequate but where they might be slightly deficient as compared with the statutory minimum at certain ages, durations, etc. Higher standards for the valuation of annuities are prescribed. Some reductions were made in first year expense limitation on single premium life policies and single and annual premium annuities.

Standard provisions for group accident and health and group annuity contracts are included. The requirements are somewhat strengthened for fraternal and cooperative life companies.

Under the new code there is a clear division between life and casualty insurance.

Life insurance agents who have not heretofore been licensed will be required to pass a written examination. The full time agents of fraternal, heretofore exempt, are required to be licensed. Industrial life agents are brought under the law.

State Organization Elects

LANSING, MICH.—Officers of the Michigan State Columbus Mutual Life Club were reelected at a meeting of the cabinet here. They are: President, Myron Hawkins, Charlotte; executive vice-president, E. A. Newark, Lansing; vice-president, C. F. Durant, Pontiac; secretary-treasurer, G. J. Dobben, Jackson. Michigan business has shown 40 percent increase since April 1 over the same period in 1938. The annual picnic will be held July 15 at Island lake near Brighton and the fall meeting at Jackson in October. Mr. and Mrs. Newark were hosts to the other cabinet members and their wives at luncheon.

Parsons Agency Uses Novel Selection, Guidance Methods

That all producers in an agency should possess characteristics similar to those of its most successful producers is the basis upon which Bruce Parsons, million dollar salesman and head of the largest Mutual Benefit agency in Chicago, is building a top-notch, high volume organization.

Since the first of this year, production in the agency has increased approximately 100 percent for the first 5 months as compared to the same period in 1938.

An agency composed of such individuals soon reflects a "success spirit," according to Mr. Parsons. The results are increased business and a growing agency. Management problems are made less difficult, and personnel turnover is reduced to a minimum.

Mr. Parsons lays great stress on the scientific selection and close personal supervision of men. He goes much farther than the average general agent or manager.

Many Tests Used

Not only is each agent subjected to searching personal interview and observation, and personality and intelligence tests, but also to a written test (in which he expresses himself frankly on his philosophy of life) and to measurement by the "Psychograph," a scientifically correct apparatus which indicates the relative variance of 32 characteristics in an individual (by comparison of such traits to the norm of the individual) by measurement of the physical development of various areas of the brain.

The measurable results obtained from these tests and observations are compared with those characteristics found in the best producers, and they are used to reject or to qualify an applicant and to guide treatment of men already in the agency.

Supervisor Is Qualified Expert

To administer and interpret the tests, Mr. Parsons employs as supervisor a man who is highly qualified as a sales management and personnel guidance expert.

This man, O. F. Johnson, devotes his full time to personnel selection and guidance and education. In ten years of such work he has become an authority in the field and has done much research on the Psychograph, testing more than 5,000 insurance men.

Through the use of the Psychograph, Mr. Johnson is able to tell the relative strength of traits which an individual possesses.

No isolated set of characteristics means success or failure but the type of balance between all characteristics is an indication of the habitual viewpoint of the individual. This is the real determining factor of success in the business.

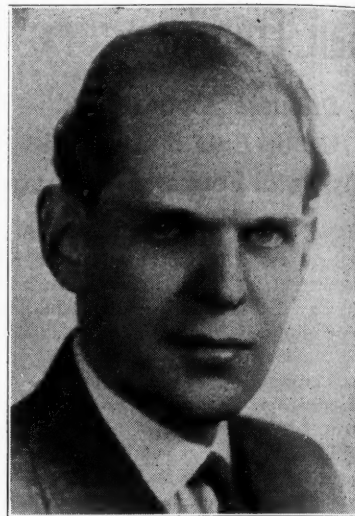
Both Mr. Parsons and Mr. Johnson emphasize that a composite result of all tests given is the final determinant.

For example, a man might qualify on

Research Bureau Estimates May Sales 9% Ahead

The Sales Research Bureau estimates that the production of ordinary life in May amounted to \$532,000,000 or an increase of 9 percent as compared with the same month a year ago. For the first five months of this year ordinary sales are 14 percent ahead of last year, the bureau estimates. The total ordinary production for the year is given at \$2,866,740,000.

The best records for the year are in Delaware where the gain is 36 percent; Michigan, 34 percent; Rhode Island, 28 percent; Wyoming, 27 percent; Massachusetts, 24 percent; Connecticut, 23 percent, and Ohio, 20 percent.



O. F. JOHNSON

every point but his philosophy of life, which might clash strongly with views held by other members of the agency. This would be an obvious deterrent to his securing a position.

The fact that a man is rejected for a place in the agency is no indication that he will not succeed in the life insurance business.

However, records kept by Mr. Johnson on the 5,000 insurance men which he has tested show that now the Psychograph is about 90 percent correct in indicating whether or not a man is adapted for success in life insurance.

For example: A man after more than two years of unsuccessfully trying to sell life insurance was told by his general agent to quit because he was not adapted to the business. He was then Psychographed. It indicated why he wasn't clicking. Now that same salesman is the leader in the agency and assistant to the general agent. This agency is more than 25 years old and has more than \$40,000,000 on the books.

In addition to the belief that an agency should be composed of men and women of like characteristics, Mr. Parsons feels that an agency should contain a balanced proportion of moderate and large producers. He says:

Successful Agency Requirements

"It must be borne in mind that a successful agency is not entirely made up of big producers. It must contain both kinds. Each agent should be judged as a success or failure only in terms of his background, the average wealth of the people he solicits, and the results he obtains."

Mr. Parsons strongly believes that his or similar methods must be used if an agency is to grow and prosper.

After 14 years of successful production, during which time he qualified many times as a million dollar producer, Mr. Parsons became general agent for Mutual Benefit in Chicago in the summer of 1937. Paid for production in 1938 was \$5,000,000. For the first 5 months of 1939 a total better than \$2,500,000 has been paid for. During 1937 and 1938 and the early part of 1939 Mr. Parsons devoted practically all of his time to agency management so the production is largely a reflection of the increased ability of 36 producing agents.

Howard C. Beers, manager State Reserve Life's home office agency in Fort Worth, is chief instructor in the company's school for recent college graduates who might be interested in entering the life insurance business. He is being assisted by Vice-president F. E. McGonagill and Sam Weatherford.

U. S. Bureau Traces International Insurance Trend

The annual department of commerce analysis of operations of foreign insurers in this country and of United States insurers in other countries discloses that net premiums written by foreign companies in this country last year were \$391,000,000, a decline of \$23,000,000 or 5.6 percent from the previous year. The fire and marine premiums in the United States of foreign companies amounted to \$177,000,000, a decrease of 7.8 percent.

The premium collections of foreign life companies in this country remained unchanged at \$66,000,000.

Premiums of United States insurers from foreign countries amounted to \$155,000,000, about the same figure as the previous year. Most of this is on account of Canadian business and 70 percent of the premiums of American insurers from foreign countries was in respect of life insurance.

British Companies Well Ahead

About 70 percent of premiums collected by foreign insurers in the United States went to British companies, 18 percent to Canadian and the balance to organizations located in other countries.

The department of commerce estimates that the net transfer of funds from this country to foreign countries because of international insurance transactions was \$16,000,000 as compared with a \$3,000,000 net transfer to the United States in 1937. The change, the department of commerce attributes to the marked decrease in the withdrawal of funds from Canada by United States life companies.

The inflow of funds to this country on account of the operations of all U. S. insurers abroad in 1938 was \$15,000,000 whereas the net outflow was \$30,000,000. Remittances to foreign countries by U. S. branches of foreign fire and marine insurers and by U. S. affiliates of foreign companies were larger in 1938 than in the previous year. The 1938 operations of branches of foreign casualty companies in this country resulted in a smaller net outflow of funds while the operations of branches of Canadian life companies produced a small inflow of funds in 1938.

The assets held by branches and subsidiaries of foreign insurers in the U. S. amounted to about \$1,200,000,000 whereas the assets of U. S. insurers in foreign countries amounted to \$60,000,000.

Double Indemnity Record of Industrial Writers

Failure to take into consideration one of the intricacies of the annual statement blank caused improper figures to be used for certain industrial companies in the table in the June 9 edition giving the double indemnity premiums and losses for 1938 of those life companies operating in Illinois.

The double indemnity premium figures that were given are those that appear on Page 2 of the annual statement blank and the losses are those that appear on Page 3. It so happens that insofar as industrial companies are concerned the premiums shown on Page 2 are for the accidental death benefit feature in connection with ordinary policies only, whereas the losses shown on page 3 are for both ordinary and industrial.

At no place in the annual statement is there a showing of the combined ordinary and industrial premiums for the accidental death benefit. That is probably due to the fact that there is no separation of the premium in industrial policies as between the straight life feature, double indemnity and disability.

On Page 10 of the statement blank is given the double indemnity premium of industrial companies for ordinary business only and also double indemnity losses for ordinary only. In the table

below are given those figures for those industrial companies that were listed in the June 9 exhibit and whose figures are different on Page 10 than on Page 3. American Bankers, Conservative Life, Eureka-Maryland, Metropolitan and Washington National show the same figures on both pages 3 and 10.

	Premiums	Losses
American National.....	\$ 111,450	\$ 41,010
John Hancock.....	1,040,055	232,843
Natl. Life & Accel.....	89,623	37,038
Prudential.....	8,192,409	2,606,157
Western & Southern.....	143,194	64,616

Report Duel Is Slated in Wisconsin

Seemingly authoritative reports are circulating that Marvin Duel of Fond du Lac will be appointed Wisconsin insurance commissioner by Governor Heil to succeed H. J. Mortensen whose term expires July 1. Mr. Duel is serving his second term in the state senate. He has operated as a life insurance agent in Fond du Lac for a good many years and recently has been engaged in fire and casualty insurance as well. He is highly regarded in the state and his appointment, it is believed, will be acceptable to the insurance business.

Rogers President of the Indiana Body

A new board of directors and new officers were elected at the annual meeting of the Indiana State Association of Life Underwriters. The new directors include: Chairman, Oren Pritchard, Union Central Life, Indianapolis; R. C. Gibson, Lincoln National, Vincennes; Heber Gill, of the Equitable Society, Terre Haute; Sam Gregory, Penn Mutual, Fort Wayne; William Klusmeier, Western & Southern, South Bend. The new officers are for the ensuing year: President, Homer Rogers, Equitable Society, Indianapolis; vice-president, Winston Robbins, Equitable Life of Iowa, Lafayette; secretary, Harry Warvel, Lincoln National Life, Gary; executive secretary and treasurer, F. P. Huston, Insurance R. & R. Service, Indianapolis.

The meeting was held at the cottage of President Homer Rogers on the shores of Lake Maxinkuckee. Officers and delegates and other guests were present from 12 of the 13 Indiana associations.

Special guests included John Cramer, chief deputy Indiana commissioner; Harry Wright, Chicago, secretary National Association of Life Underwriters,

and Dr. Davis of Purdue University. The state association is sponsoring a short course for rural life underwriters at Purdue.

Mr. Cramer commented that this has been the cleanest year on record in regard to complaints on improper practices. "Policing by the department is constantly growing less and you gentlemen deserve a good measure of the credit." Herbert Luckey, chairman of the legislative committee, reported that no piece of legislation was passed by the recent legislature of Indiana that was inimical to life insurance or life insurance agents.

Need to Know Coverages

Life companies find that it is highly important to have those managing their property entirely familiar with various insurance coverages. There was a blow in Philadelphia last week that unroofed 11 houses in one block in the northern section of the city. Most of these buildings carried windstorm protection but others did not. Loan correspondents and managing firms are familiar with the coverages that should be carried. Windstorms are prevalent. Extended coverage is being recommended by managers of life insurance properties and loan correspondents.



*Net interest earned
on mean invested assets in
1938... 5.08%.*

*Interest paid policy-
holders and beneficiaries on
funds held in trust (contin-
uously since organization in
1907)... 5%.*

JEFFERSON STANDARD
LIFE INSURANCE COMPANY
Julian Price, President
GREENSBORO, NORTH CAROLINA



THE SOUTH'S
Largest

O'Malley's Trail Is Crossed Again

Milton Tells Why He Withdrew Interest in General American Life

The sale, by David M. Milton, son-in-law of John D. Rockefeller, Jr., of his holdings in General American Life some time ago, was entirely due to the "irritating harassment" of R. E. O'Malley, then Missouri superintendent of insurance, Mr. Milton declared in an interview at St. Louis. He charged that O'Malley—who now is convict No. 55296 in Leavenworth penitentiary, where he is serving a term upon conviction of evading federal income tax on money received for services rendered in the famous Missouri fire insurance rate litigation—had attempted to obtain from General American officials first \$100,000, then later \$200,000.

Mr. Milton cited two interviews that Walter W. Head, General American president, had with O'Malley at the latter's request. In the first interview, Mr. Milton said, O'Malley demanded \$100,000 and said: "And if I don't get it, some one else will get my job—some one else who won't be so friendly." According to Milton, O'Malley "made no secret" of the fact that he wanted it as a "political contribution" for Thomas J. Pendergast, Kansas City political boss, who now also is a convict in Leavenworth for the same offense that O'Malley committed.

Felt Forced to Withdraw

Mr. Milton had been criticised for withdrawing his interest from General American, it being held in some quarters that he had organized the company only to take over Missouri State Life's assets and make a quick profit. However, Mr. Milton said, he and his associates fully intended to maintain ownership as a long term investment, but O'Malley's harassment forced him to liquidate his interest.

Less than a month after the first demand, Mr. Milton said, O'Malley telephoned President Head to meet him again and S. W. Souers, vice-president, went along. At that interview, Mr. Milton related, O'Malley said Pendergast had told him to get \$200,000, "and get it today."

According to Mr. Milton, O'Malley said the money easily could be obtained by selling certain obligations of General American to stockholders of the defunct International Life whose business had been reinsured by General American, and O'Malley suggested the \$200,000 could be listed as "lawyers' fees," all of which President Head refused to do.

Explanation of His Action

After this experience, Mr. Milton said, he arranged for sale of his General American interest. He said there had been a reaction in the west to his ownership of General American and he felt there was a western distaste as to so-called "Wall street control" of the company. He felt General American was being subjected to continual harassment because of the feeling that the ownership was vested in large wealthy eastern interests.

"The president of the General American Life," Mr. Milton said, "advised us that he had rejected demands on behalf of the Pendergast political organization of Kansas City for the payment of large sums. In the belief, therefore, that this was the result of the existence of our eastern control, our company decided on a course of action which would make possible the ultimate mutualization of the General American Life."

"The transaction which was entered into contemplated the temporary control of the General American Life by the Southwestern Life group of Texas until the mutualization of the company could



ON WAY TO COMMISSIONER GATHERING:

Top row (left to right) Samuel Levin, Chicago attorney; Foster Farrell, National Fraternal Congress; T. R. Heaney, Catholic Order of Foresters.

Middle row — J. V. Abrahams, Security Benefit Assn., Topeka; Charles Hughes, chief audit bureau New York insurance department; Richard F. Allen, Standard Life, Lawrence Kan.

Bottom row — L. J. Kavanaugh, Colorado commissioner; Robert Starrett, Equitable Society; George Merigold, Prudential.

be effectuated. During that temporary period prior to complete mutualization, neither the Missouri company nor the Texas company could overbalance the other. There was effective separation and it was our hope that the St. Louis company would therefore be free from further harassment without a so-called Wall street group in the picture to attract criticism."

Steady Advances in Company

Three investigations of General American Life affairs since it was organized in 1933 disclosed nothing out of the way. One was a convention examination started in October, 1935, which gave a clean bill of health, and another was a private report rendered recently, sponsored by the president of the St. Louis chamber of commerce, a bank president and other prominent citizens. The latter report expressed utmost confidence in

integrity of the General American and its management.

A steady increase in profits has been made by General American since 1933, net interest return in 1938 being 4.16 percent of all resources, a high mark. Assets increased more than \$2,000,000 in 1938, to a total of \$126,000,000. Liens on old Missouri State Life business have been reduced at a much greater rate than originally estimated, now totaling \$37 per \$100 of liens, it is stated.

Wins in May Business Drive

In the May production contest between Texas agency units of the Equitable Society, the San Antonio agency under the direction of C. W. Klingman, agency manager, and Col. R. H. Durkee, San Antonio district manager, won with \$477,984 written business.

Moore Minnesota State President

Greater Activity in National Association Affairs Urged at St. Paul Meeting

ST. PAUL—The Minnesota Association of Life Underwriters at its annual meeting here elected these officers: President, Hiram Moore, manager Mutual Life of New York, St. Paul; vice-presidents, W. W. Scott, Lincoln National, Minneapolis; Manfred Johnson, Sun Life, Rochester; Orris Johnson, Prudential, Mankato; Howard Hoene, Northwestern Mutual, Duluth; secretary-treasurer, Carl Kleifgen, Metropolitan Life, St. Paul.

This was the second meeting of the state association, organized a year ago. About 400 from all parts of the state attended. At the business session the chief discussion was on the relation of the state group to the National association. The feeling was that Minnesota should take a more active hand in national affairs. Paul Dunnagan, Canada Life, Minneapolis, said he hoped every local association in the state would send one or more delegates to the national meetings and suggested that Minnesota begin now to work toward getting a Minnesota man elected as national trustee.

Women Seek Representation

Mr. Hoene questioned the propriety of state association delegates to the national representing the Minnesota locals on questions of policy unless instructed so to do. A demand that women agents have some representation in the state association was made by Mrs. Mary Keefe of St. Paul. J. D. Serrill, retiring president, said plans are being made along that line.

A plea for better support to the Insurance Federation of Minnesota was made by Arthur Devine, Prudential manager in St. Paul. Clyde B. Helm, secretary-treasurer of the federation, was introduced and spoke briefly.

Holgar J. Johnson, national president, in his luncheon talk, admonished the agents present so to conduct themselves in their business as to earn the prestige to which they are entitled. He also gave a brief radio talk over one of the Minnesota stations.

Continuity of Leadership Urged

In an informal talk at the business meeting, Mr. Johnson pointed out the value of continuity of leadership in state and local associations. He advised against complete turnover of officers each year, as such a practice does not permit carrying out a definite long-time policy. The locals, he said, should dictate the policy of the National association.

"One of the great weaknesses in the picture," he said, "is that many of the local associations are not as cohesively organized as they should be."

Oswin Reeves, New England Mutual, St. Paul, one of the leaders in launching the state association, predicted it would become of great value to every life man in the state in years to come.

Minnesota Sidelights

Among the insurance notables seated at the head table at the luncheon in honor of President Holgar Johnson were O. J. Arnold, president Northwestern National; H. P. Skoglund, president North American Life & Accident; Harold J. Cummings, vice-president Minnesota Mutual Life, and Ralph Trubey, national committeeman from North Dakota and past president of the North Dakota association.

One of the life insurance veterans at the luncheon was F. E. Hitchcox, who joined the Mutual Life of New York in St. Paul in 1896 and who for the past 30 years has represented the Union Central Life in St. Paul. Mr. Hitchcox displayed

a gold ring awarded him in 1899 for production.

A. O. Ellason, past president of the National association and retired state agent of the Minnesota Mutual Life in Minnesota, was unable to attend the luncheon but visited briefly with President Holgar Johnson during the day.

W. W. Scott, retiring secretary-treasurer, reported a net profit of \$425 on the first sales conference the state association held last winter.

Five Candidates; Six Trustee Vacancies

There are now five candidates who have intimated that they will run for the six vacancies for trustees of the National Association of Life Underwriters. They are Karl E. Madden, Penn Mutual Life, Davenport; William M. Duff, Equitable Society, Pittsburgh, whose term is expiring; O. D. Douglas, Lincoln National Life, Dallas; Paul C. Sanborn, Connecticut Mutual Life, Boston, and Maurice H. Stearns, John Hancock Mutual, Providence, R. I. Mr. Stearns was strongly backed for trustee at the Houston meeting. Mr. Madden, who was endorsed by the Iowa association, received the endorsement of the Davenport association last week and plans were made for an intensive campaign on his behalf. Davenport is seeking the 1940 midyear meeting.

Zimmerman is Unopposed

Charles J. Zimmerman, Connecticut Mutual Life, Chicago, will be unopposed for president, while Harry T. Wright, Equitable Society, Chicago, the present secretary, and John A. Witherspoon, John Hancock Mutual Life of Nashville, retiring trustee, are in a widely publicized battle for vice-president. Ray Hodges, Ohio National, Cincinnati, is being sponsored for secretary. Mr. Hodges' term as trustee is expiring.

Other trustees whose terms are expiring are Isadore Samuels, New England Mutual, Denver; Frank B. Summers, New York Life, Boston, and J. Hawley Wilson, Massachusetts Mutual Life, Oklahoma City.

Mr. Summers has announced he will not be a candidate for reelection.

Holdover trustees are: William H. Andrews, Jr., Jefferson Standard Life, Greensboro, N. C.; Earl F. Colborn, Connecticut Mutual Life, Rochester, N. Y.; Herbert A. Hedges, Equitable Life of Iowa, Kansas City; Julian S. Myrick, Mutual Life of New York, New York City; Grant Taggart, California-Western States Life, Cowley, Wyo., and John W. Yates, Massachusetts Mutual Life, Los Angeles.

Aetna Life Experiment in Training Agents Is Told

W. C. Abbey, Aetna Life field supervisor, addressed the San Antonio (Texas) Life Managers' Club. He stated that because general agents and home office officials found they were not obtaining enough of the type of agents desired, it was decided to conduct a home office training school. Students were carefully selected through cooperation of general agents. Profiting by the experience of the casualty department, students were placed in selected homes and put through intensive training, carefully supervised, of five weeks' study of life insurance forms and sales methods demonstrations.

Vocational and aptitude tests were employed. Final examinations similar to those in college were given with quizzes during the course. Twenty-four college graduates, averaging 27 to 28 years of age, took the course. Results show that while application of tests had a definite value there were certain personal qualifications which have not yet been successfully measured by examination and accepted standard tests. The results have been such, however, that the schools will be continued.

Women's Opportunities in Advertising Given



MISS ALICE E. ROCHE

Life insurance advertising, is it a field for women? The answer is given by a woman prominent in insurance advertising in a new book called "Advertising Careers for Women," published by Harper & Brothers, New York City. In the chapter entitled "Women in Insurance Advertising," Miss Alice E. Roche discusses the opportunities for women in agency sales promotion and advertising work.

The new publication, which is the first book of complete vocational information specifically addressed to young women who seek to enter advertising, is a compilation of 22 lectures given last fall under the sponsorship of the Philadelphia Club of Advertising Women, of which Miss Roche is a member.

Miss Roche is widely known in the insurance world, not only for her outstanding work as manager of the department of sales promotion of the Louis F. Paret agency of the Provident Mutual Life at Philadelphia and Camden, but for the insurance articles she has written, and for her ability as a speaker on insurance promotion.

There are eight classifications of insurance advertising, and Miss Roche tells how and where they originate. "A life insurance agent is really a sole proprietor," writes Miss Roche. "He is in a business of his own, and if he is really progressive he adopts many of the advertising aids adopted by sole proprietors in other lines."

What is the necessary equipment for sales promotion work with an agency? What are the duties of sales promotion managers? How can one achieve the right "tone" in copy? How can a young woman get an agency start? If she is already in an agency, how can she develop into sales promotion work? The answers to these questions, and many others, are included in Miss Roche's chapter, and are given authoritatively, from her own experience in successful agency sales promotion work.

Won't Cut Michigan Commissioner

LANSING, MICH.—Salary of the insurance commissioner will be retained at \$6,000 annually, the figure established by the 1937 legislature, it was indicated this week. The appropriation for the department was amended to reinstate the \$6,000 salary after the house had approved the bill in a form which fixed the salary at \$5,000. The measure is now before the governor. The entire insurance department budget provides for expenditures of not more than \$105,000 annually, less than 3 percent of the amount normally collected in premium taxes and fees.



A message on Mortgage Investments

THROUGH recognized performance we have built the requisite contacts that are the source of good mortgage offerings in the metropolitan area of the City of New York.

Thus we are able to secure *first choice* on many desirable loans making our services of particular value to a company whose home office location does not permit of a thorough working knowledge of the New York lending field.

We also maintain complete facilities for appraising properties and servicing loans.

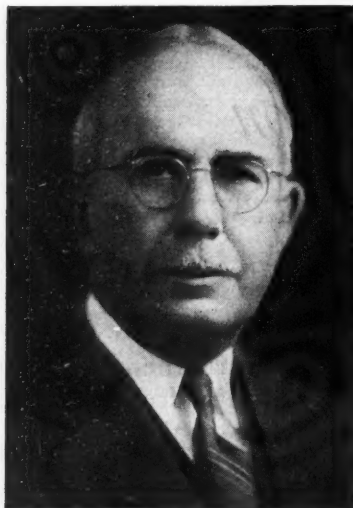
COUNSEL · SUPERVISION · SERVICE
of
FIRST MORTGAGE INVESTMENTS

Continental Realty Investing Co., Inc.

WM. HENRY BARNUM, *President*
19 East 47th Street, New York

Percy H. Evans Is Feted on 50th Year with Northwestern

Fifty years ago this month, in June, 1889, Percy H. Evans went to Milwaukee with his mother from Denver, Col., following the death of his father, and obtained a job as clerk in the actuarial department of the Northwestern Mutual Life. Although Mr. Evans has not been in the home office continuously through



PERCY H. EVANS

these years, he retained his association with the company as an agent in the field during several periods he was away from Milwaukee during the last half century. Since 1915 Mr. Evans has been actuary of the Northwestern Mutual and since 1929 he has also had the title of vice-president.

Percy Henriques Evans was born in San Diego, Calif., Nov. 9, 1873, but spent his boyhood in Denver, Col., where he went to school. Three years after he became a clerk in the Northwestern Mutual actuarial department, he went to Ann Arbor, Mich., to attend the University of Michigan, and while there was an agent for the company. In 1895 he returned to the actuarial department at the home office and the following year went to San Francisco where he was connected with the C. M. Smith general agency and wrote articles on insurance.

Returns to Milwaukee

Mr. Evans returned to Milwaukee in 1901 with actuarial knowledge supplemented by field work and recognized as an insurance journalist, and became an assistant superintendent of agencies under Willard Merrill, at that time vice-president and agency head. "Field Notes" was established that year as an agency publication and Mr. Evans became editor, serving until 1915. When Henry F. Norris became superintendent in 1902, Mr. Evans was made second assistant superintendent. In 1915 he was transferred to the actuarial department as assistant actuary to C. A. Loveland and later the same year was elected actuary.

A member of a number of scientific societies, Mr. Evans was president of the American Institute of Actuaries from 1924 to 1926, and is a member of the permanent committee of the International Congress of Actuaries. Other affiliations include the Actuarial Society of America, American Mathematical Society and American Statistical Association.

A dinner was given Mr. Evans by President M. J. Cleary and other officers. He was presented with a sterling silver cocktail set.

The week previous to the celebration Mr. Evans was busy receiving the congratulations of his associates. A leather volume was presented Mr. Evans con-

Glimpses of the Coast-to-Coasters

The railroad company printed a directory of those aboard the 17-car special train that transported the coast-to-coasters to San Francisco for the annual meeting of the National Association of Insurance Commissioners this week. That was most helpful in the pursuit of contacting and fraternizing. A telephone system would have been even more desirable.

The group was delighted that Col. Joseph Button, manager of the Stock Company Association, and former Virginia commissioner, was looking fit and able to make the trip. He suffered a serious attack at the Des Moines convention in December and was under treatment for some time thereafter. He was chaperoned by James Victor Barry, former Michigan commissioner and former vice-president of Metropolitan Life.

The ladies aboard each received a box of candy, gift of the American Mutual Alliance.

Insurance Director Smrha of Nebraska greeted the special at Omaha. With a look denoting wistful regret, he said he couldn't go to San Francisco. The governor refused to approve the expense of the trip.

Insurance Director Palmer of Illinois and Mrs. Palmer were accompanied by their sons, Ernest and Bradley.

Much excitement occurred at Ames, Ia., when George F. Wall, secretary of American Mutual Life, boarded the train with his bride of three days, the former Cora Thompson. A party of Iowans staged an old fashioned charivari at the station and J. J. Moriarty, vice-president American Mutual Life, had arranged for those aboard to get off and greet the newlyweds. Mr. Moriarty also made the trip.

Lic. Reina Hermosilla, Mexican official who corresponds to the insurance commissioner of an American state, is attending the convention. This is the first time Mexico has been represented. Mr. Hermosilla speaks but little English. An interpreter was made available to him through courtesy of J. G. Godsoe of Confederation Life of Canada.

The Canadian contingent, most of whom boarded the special at Chicago, includes W. J. Beattie, assistant to the president Canada Life; J. G. Godsoe, assistant general manager Confederation Life; Superintendent McNairn of Ontario, and Mrs. McNairn; Commissioner La

taining the photographs and signatures of the 200 employees who work for him in the statistical department.

STOCKS

H. W. Cornelius of Bacon, Whipple & Co., 135 South La Salle street, Chicago, gave the following stock quotations for life companies as of June 20, 1939:

	Par.	Div.*	Bid	Asked
Aetna Life	10	1.35*	30	32
Central, Ill.	10	...	10	11
Gen. States Life. 5	...	...	2	3
Colum. Nat. L. 100	...	...	68	75
Conn. Genl.	10	.80	27	29
Contl. Assurance 10	2.00	36 1/2	38 1/2	38 1/2
Federal Life ...	10	...	4 1/2	5 1/2
Great Southn. L. 10	1.30	...	21	23
Kan. City Life. 100	16.00	345	360	360
Life & Cas.	3	.50	10	11
Lincoln Natl.	10	1.20	29	31
New World Life 10	.40	...	5 1/2	6
No. Amer. Life. 2	...	...	2 1/2	3 1/2
N. W. Nat. Life. 5	.30	...	11	12
Ohio Nat. Life. 10	1.25	...	27	29
Old Line Life.	10	.60	10 1/2	11 1/2
Sun Life, Can.	100	15.00	390	425
Travelers 100	16.00	465	475	475
Union Cent. Life 20	1.20	...	20	25
Wis. National.	10	1.00	15	17

*Includes extras.

France of Quebec (Mr. La France came by air while Mrs. La France traveled via the special); Mrs. G. C. Moore, wife of the general manager of Imperial Life; R. Leighton Foster, manager Canadian Life Officers Association, and C. S. V. Branch, vice-president Sun Life, who arrived ahead of the others.

Henry Moser, Chicago attorney, a camera addict, talked the railroad into permitting him to ride in the engine cab through the Royal Gorge, so that he might make some artistic shots.

Col. J. G. Emery, new Michigan commissioner, made a most favorable impression. In San Francisco he and F. N. Belgrano, Jr., president Pacific National Fire, had a special gettogether, as both are former national commanders of the American Legion.

Advertisers Join Officers Body

TORONTO—The Life Insurance Advertisers Association of Canada is now known as the Life Insurance Advertisers Section of the Canadian Life Officers Association. The parent organization extended the invitation to the advertising men to become part of their organization and this was accepted. A. L. Cawthorn-Page, Metropolitan Life, is president of the section. The advertisers association was formed in 1920 and has conducted the cooperative advertising campaign.

Report \$350,000 Mayo Insurance

ROCHESTER, MINN.—The late noted surgeon, Dr. Charles Mayo, carried in the neighborhood of \$350,000 in life insurance, according to well informed sources of information. Of this, \$100,000 was in the form of a fully paid annuity.

Union Central Plan for Prospecting Is Notable Success

Union Central Life agents have completed a successful "Gold Rush Campaign" for new, qualified prospects. The drive was complete with 24-Karat Club, pack burros and prospecting tools. Participating agents, of whom there were 465, gathered 12,655 brand new prospects in the four-week campaign which began May 8 and wound up on June 3. During the same period, Union Central reported nearly \$12,000,000 in new applications, came close to setting a record for the year.

Membership in the 24-Karat Club was won by 92 agents who qualified by earning 24 karat-credits each, including points awarded for a minimum of 30 new, qualified prospects and four new applications for life insurance.

Plumley Was Top Man

E. E. Plumley of the Baketel agency, Philadelphia, led the gold rush prospectors with 74 karat credits for new prospects. Karat credits were awarded on the basis of 1/2 karat for prospects with incomes of \$3,000 or more, 1/4 karat for prospects with incomes from \$1,200 to \$3,000.

M. C. McWilliams of St. Joseph, Mo., was first in the total of new applications, writing \$203,000 of new life insurance "apps" in the four weeks.

C. P. Shelby, Memphis, turned in the largest number of karats, with 143.50, and Robert Rietman, Cincinnati, tied with his sidekick, Carl Slavosky, also of the home office agency, with 15 separate applications for first place in that category.

Participants in the gold rush were supplied with a prospecting kit at the beginning of the campaign, containing complete instructions on how to find and how to qualify prospects. Awarded to members of the 24-Karat Club were golden pack burros mounted on gun-metal desk stands for memo pads.

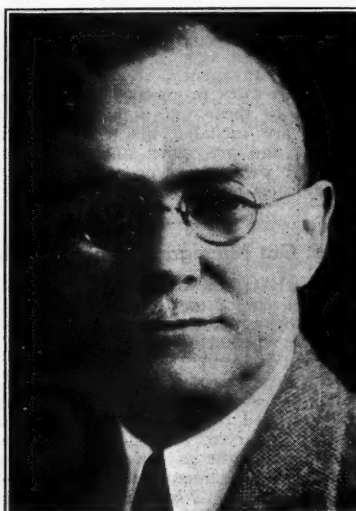
The Union Central's agency officials have described the campaign as the most successful prospecting effort in their experience, and their enthusiasm is reflected by agents and managers who took part. An average of 27 brand new, redhot prospects per participating agent were turned up in the course of the drive, thus providing an excellent backlog against the "summer slump blues."

President T. I. Parkinson of the Equitable Society received the honorary degree of doctor of laws at commencement exercises at Colgate University.

INSURANCE COMMISSIONERS AT ANNUAL MEETING



L. H. PINK, New York
Chairman Executive Committee



C. J. GOUGH, New Jersey
Executive Committee



JOHN SHARP WILLIAMS, III, Mississippi
Executive Committee

SEC Probe Drama of Life Insurance

(CONTINUED FROM PAGE 1)

its initials TNEC, standing for Temporary National Economic Committee. The full title is a good deal of a mouthful, while the committee itself rather objects to the designation "monopoly committee," although that is the term which most of the general public still uses.

Chairman Frank of the SEC is a dark, lean-faced man whose questions do not belie his reputed keenness of intellect. For example, when company witnesses were being quizzed on the group association's activities and testified that uniform initial rates curbed ruinous competition but that there was still plenty of competition because rate credits or dividends are what really determine the cost to the insured, Frank wanted to know why companies could not harm themselves just as effectively by giving back too high dividends as in charging too low an initial rate. The answer of course is that they could but don't.

Henderson Likes Discussions

Leon Henderson, who takes over the chairmanship at times in the absence of O'Mahoney, is less likely than Frank to sum things up in a single incisive question. Henderson likes to discuss points with the witnesses, sometimes getting on fairly academic ground. Rarely does the witness get a chance to turn the tables on his questioners, but Actuary H. S. Beers of the Aetna Life did so, perhaps unintentionally, when he was on the stand and being questioned by Henderson. Henderson was asking about the three Hartford stock companies getting together on nonparticipating ordinary rates and emphasized that it would make a great deal of difference to the buyer to know whether or not he was buying in a free competitive market or a price-fixed market. Henderson mentioned that he had recently bought some insurance himself and would have been greatly interested to know this.

Mr. Beers innocently asked Henderson if he remembered what kind of insurance he had bought—participating or nonparticipating. Henderson parried the question and the spontaneous burst of laughter—in which Henderson did not join—indicated that the spectators inferred that for all his keen interest as a buyer Henderson did not know whether he had bought par or nonpar.

Gesell Main Duelist

The center of attraction is usually the duel between Gesell and the witnesses, except where the man on the stand is one of the SEC staff, like Donald Davenport or Ernest J. Howe or a company witness who is freely testifying along lines that the SEC likes. It is pretty near impossible for the witness to win one of these bouts, although occasionally he will score a point here or there.

The witness's dilemma is that if he answers frankly and volubly he is likely to say something that can be misinterpreted, while if he is cautious and weighs his words deliberately he is in danger of giving the impression that he is trying to conceal something. If he does admit something that can be interpreted as damaging, there is not only Gesell but half a dozen other bright minds on the committee who have been following the testimony closely and are ready to pounce on him.

Trying to Prove a Case

Examiner Gesell's manner, though mild enough, is not conducive to witnesses feeling at ease. This inquiry is supposed to be an open-minded investigation into what life insurance is and does but it is quite apparent that the SEC is not merely trying to learn but is bringing out material with a view to proving a case. Just what it is trying to do is not altogether clear although the character of the questioning and the utterances of O'Mahoney and others on the committee leave little doubt that it

is all a build-up for a campaign for federal regulation of the insurance business.

One of the most persistent questioners, aside from the examiner is Isador Lubin of the Department of Labor. Like Frank, Henderson and Thurman W. Arnold, assistant attorney general, Lubin is an ardent New Dealer. Hence his line of questioning is closely watched for possible significance. Until recently his questions were apparently so subtle that it was hard for observers to imagine what he was driving at. In general his questions seem to have some social angle. Of late his queries have been more pointed, indicating a belief that the company executives have interests closer to their hearts than the welfare of policyholders. However, in fairness to Chairman Frank, it should be recorded that he went out of his way to offset such insinuations, making a statement to the effect that "inertia rather than selfishness" would be found to be the trouble.

Typical of Attitude

This statement of Frank's is fairly typical of the committee's attitude. While Gesell is not so careful about what motive he implies, the committee makes it a point to avoid imputing unworthy motives to any person or company. The committee is undoubtedly sincere in wishing to bring about its aims without resorting to alarmist measures.

Furthermore, if attempts were made to make out certain company officials as the villains of the piece, the obvious remedy would be to "throw the rascals out." If the SEC and the committee are aiming at federal regulation of insurance they obviously have a stronger case if they base it on conditions rather than personalities. This enables them to say that the need for federal supervision is inherent in the very make-up of the business and that the situation is not one to be cured by singling out a few scapegoats and sacrificing them.

Many Reporters on Hand

A spectator is impressed by the number of reporters on hand. There are three long tables, two on one side of the committee table and one on the other. All are equipped with loudspeakers as the acoustical properties of the room make it difficult to hear without the amplifying system.

Those who have been summoned as witnesses are seated in the rows of chairs between the committee table and the windows which run along one side of the room. Sitting with the prospective witnesses are their fellow officials and in some cases their attorneys. Among the most consistent followers of the proceedings have been James L. Madden, third vice-president, and H. R. Bassford, actuary, Metropolitan Life; William Macfarlane, vice-president and actuary New York Life; Wendell Millman, assistant actuary Equitable Society; Sylvester Smith, assistant general solicitor Prudential; M. A. Linton, president Provident Mutual. Many other well known company officials have been on hand for one or more of the sessions.

Organizations Represented

Organizations have been consistently represented. Usually R. L. Hogg has represented the Life Presidents Association; Colonel C. B. Robbins, the American Life Convention; T. F. Cunneen, insurance manager, has represented the Chamber of Commerce of the United States. Henry Curtis has been here for the recent sessions representing the Institute of Life Insurance. Clarence Klocksins, legislative counsel Northwestern Mutual Life, has been on hand for all the sessions, as the Northwestern is not a member of either the Life Presidents or the American Life Convention.

A constant follower of the proceedings is David Gilbert of the Gilbert &

Sullivan fee-counselor concern. At various times when everybody was standing around waiting for the hearings to get under way, Mr. Gilbert has seized the opportunity for a chat with President Linton of the Provident Mutual, who has been one of the chief spokesmen of the life insurance business against the Gilbert & Sullivan term insurance notions. Mr. Gilbert appears a great deal more pleased about these casual contacts than does Mr. Linton, who is probably fervently hoping that none of the numerous photographers will be inspired to snap a picture of him chatting with the arch-apostle of term insurance.

No Term Bias

In this connection, it should be noted that the SEC people are not by any means converts to term insurance and resent any implication that they are getting their ideas from Gilbert or any other self-appointed critic of life insurance. One of the staff, following the hearing at which Donald Davenport of the SEC compared term with permanent insurance, said that this should not be taken as indicating any bias in favor of term insurance on the part of the SEC.

Valentine Howell, vice-president and actuary of Prudential, has issued a statement disputing the testimony in regard to lapsation of industrial life policies that

was given by Dr. D. H. Davenport of Harvard University before the temporary national economic committee.

Dr. Davenport testified that only 6,600,000 of the 193,700,000 new industrial policies that were written in the years 1928-1937 were still on the books of the company in 1937. This, Mr. Howell pointed out, would indicate that only 3½ per cent of these issues are still in force. Actually, in Prudential about 40 percent of these issues were in force at the end of 1937.

Observations Were Qualified

Mr. Howell observed that Dr. Davenport, in speaking of the "loss" for all companies of \$1,400,000,000 on account of lapsed policies over the past 10 years, was careful to qualify the figure as one taken from the gain and loss exhibit and pointed out that the figure may be misleading and may represent a return to the company of sums previously expended in placing the business on the books. Dr. Davenport, according to Mr. Howell, also stressed that as the principal industrial companies were operating on the mutual basis any "profits" would be returned to policyholders so that the company management would not in any event be motivated by any profit incentive. It was also indicated, according to Mr. Howell, that the pri-

A NEW ENGLAND INSTITUTION

**THE COLUMBIAN NATIONAL LIFE
INSURANCE COMPANY**

Home Office—Boston, Massachusetts

HOME OF THE YANKEE

mary cause of the lapse rates of the past 10 years was economic and not due to conditions controllable from within the business. Moreover, the figures indicated that at present the lapse rates are showing a tendency to decrease.

Prudential's Methods Explained

"In the case of the industrial business of the Prudential lapsed policies are charged with the cost of protection given, their estimated share of the acquisition expenses actually incurred in putting the policies on the books of the company, and the termination cost. The balance of the policyholder's accumulations is returned to him either in the shape of cash or of additional temporary paid-up insurance for the face amount of the policy and running for a term, the length of which is determined by the amount of the accumulation referred to. Prudential surrender charges on policies now being issued in the industrial branch are on the same basis as those on ordinary policies, with the exception that in the case of industrial policies, surrender values in some instances are applied only in the form of the paid-up extended insurance above referred to in place of being payable in cash.

"It is, of course, inevitable that policyholders in the company's ordinary branch receive insurance at a somewhat lower cost than for industrial policies. Due to the company's careful separation of costs, each class of policyholders is charged with its own mortality and its own expenses of operation, the balance of payments being returned in the form of dividends."

SAVINGS BANK PLAN

Annuity Rates Are Discussed by Arthur Hunter and Actuary H. R. Bassford

Glorification of savings bank life insurance occupied all of Thursday last week, while Friday was devoted to questioning aimed at showing that important life companies had got together in fixing annuity rates and subsequently increasing them.

Judd Dewey, deputy commissioner of savings bank life insurance in Massachusetts, gave figures on costs and lapse rates indicating a favorable position as compared with regular life insurance. The Securities & Exchange Commission has been hammering at lapse rates and the cost to the insured of such terminations in early policy years and very obviously attempting to link up lapse rates and costs with what Examiner Gesell frequently referred to as high-pressure selling. The testimony on savings bank life insurance was designed to show how lapse rates and costs can be kept down where there is no selling pressure.

Trifling Amount in Force

What Mr. Dewey's data could not help revealing, of course, was that in spite of its attractively low cost the Massachusetts system after 32 years of operation has only 3.16 percent of the life insurance in force in Massachusetts.

The fact that the Massachusetts system, despite state subsidy, preferential tax position, a practically free ride in the matter of office rent from the banks which underwrite it, and the amount of business that comes to it through the unwitting services of insurance agents, has been unable to do more than this small share in protecting the citizens of Massachusetts was glossed over by Gesell, Frank and Henderson. Instead, everything was done to make the Massachusetts system seem highly successful and to allay reports that savings bank insurance occupies its favorable position at the expense of the other companies. Mr. Dewey, for example, said that the expenses of the savings banks are on the same basis as the insurance companies' except for taxes and that he has asked the legislature to put the taxes of the banks on the same footing.

He said that if this had been the case last year banks would have paid \$10,000 more in taxes than they did.

It was brought out that the life companies did not oppose the savings bank life insurance plan which went into effect Jan. 1, 1939, because there was only a slight competitive inequality as the provision was set up.

Dr. Arthur Hunter, vice-president and chief actuary New York Life and H. R. Bassford, actuary Metropolitan were the witnesses at Friday's testimony on annuity rates. It was brought out that because of conditions prevailing since 1933 the companies had found it necessary to make four annuity rate increases. Both witnesses testified that since 1933 there has been a gradually increasing degree of uniformity on annuity rates among a number of companies.

Mr. Bassford's designation of the annuity business as "the problem child" of the companies was supported by Gesell's statistics showing that the 10 largest companies showed a loss in surplus of \$60,015,738 for the 10 years ended Dec. 31, 1938. Dr. Hunter, however, pointed out that these figures did not mean that the companies actually lost this amount of money in terms of profit and loss.

Quizzed on Conferences

Asked about records of the informal inter-company conferences which preceded the issuance of new annuity rates, Dr. Hunter said that he had destroyed them, as it was his custom to destroy all papers of no value periodically but said he was sure the SEC had obtained full information from the files of the various companies concerned.

Mr. Bassford opened his testimony with a statement on the relatively small volume of the Metropolitan's annuity business. Reading from a report of the New York department, he quoted a passage to the effect that substantial standardization of rates is a natural result of life insurance rate making. Both he and Dr. Hunter testified that revision of annuity rates was suggested by the New York department.

Henderson Asks Frankness

Commissioner Leon Henderson of the SEC urged Mr. Bassford to drop what he termed a defensive attitude and be more frank in answering questions. Henderson questioned the actuarial correctness of, as he put it, "putting a couple of elements in an adding machine and no matter what company is involved you get the same result."

"The testimony shows that after deciding in 1933 that there should be a rate increase," he said, "the various companies despite their different expenses came together and certain compromises were made in the interest of a unified rate. What I call the inevitability theory was at work. You were just led to the uniform rates."

OFFICIALS ARE GRILLED

Uniformity of rates and practices among a number of leading companies in connection with settlement options, surrender charges and selection standards indicates that restraining competition was an important aim of the inter-company actuarial conferences which led to the promulgation of these uniform standards, Gerhard Gesell, Securities & Exchange Commission's examiner, attempted to show by questioning witnesses and introducing correspondence at this week's hearing on life insurance before the Temporary National Economic Committee.

Hearings on insurance may not be resumed until after Labor Day, though there is some talk of holding subcommittee hearings in August. What the committee decides to do will depend largely on how hearings on other industries progress.

Questioning aimed at showing that companies had got together on limiting the liberality of special settlement agreements occupied all of Tuesday morning. All the witnesses—Dr. Arthur Hunter,

vice-president and chief actuary New York Life; R. D. Murphy, vice-president and actuary Equitable Society, and E. W. Marshall, vice-president and actuary Provident Mutual—admitted freely that they and actuaries of other companies had conferred on ways of meeting the situation brought about by low interest rates, long term interest guarantees, increased complexity of special settlement agreements, had experience under life income options, and the greatly increased amount of money being left on options because of low returns available elsewhere.

Witnesses Deny Agreement

However, what Gesell and Commissioner Henderson of the SEC tried unsuccessfully to get the witnesses, particularly Mr. Marshall, to admit, was that the companies' uniformity of settlement option practices was the result of an intercompany agreement to restrict competition. The witnesses stuck to their testimony that while the actuaries held conferences and tried to arrive at an understanding as to what constituted sound and desirable procedures in limiting frills in options, there was no agreement and that each company decided for itself what it would do.

Though usually imperturbable, Gesell was plainly irked at Mr. Marshall's testimony on this point, saying, "I'm going to get an answer to my question if we have to stay here all afternoon." The witness, however, refused to concede that the deliberations which took place constituted an intercompany agreement, as Gesell was trying to bring out.

Gesell Exhibits Chart

Hammering at this point, Gesell introduced a chart prepared at the time of the conferences by Mr. Marshall and repeatedly stressed the fact that the chart showed that certain companies indicated that they would go along on the proposed basis only if certain other companies did likewise. Mr. Marshall insisted that this did not indicate an agreement but was merely drawn up as a "sounding board" to get indications of attitude which were not by any means final, as was proved by the fact that a number of companies went along anyway even though the others they mentioned did not elect to follow.

Mr. Marshall emphasized it was the conditions rather than the companies' desires that brought about the changes, saying it was like six roosters crowing at sunrise—the sunrise is the cause and not any unanimity on the part of the roosters. This got quite a laugh, as did Henderson's subsequent reference to "you and six other actuarial roosters."

Murphy Brings Out Point

Mr. Murphy brought out that the conferences on limiting option frills had been with the knowledge of the New York insurance department and that while there had been a proposal to include limitations in the code then being drafted, Superintendent Pink had agreed that it was better to let the companies handle the situation themselves. He denied that this was due to fear of companies not licensed in New York.

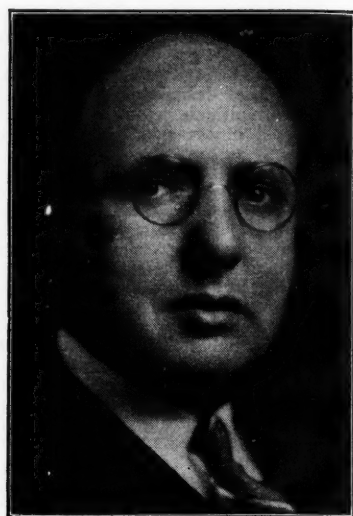
That Henderson did not care for the degree of exactness with which the actuarial witnesses answered the question was indicated by his comments in concluding the morning session, over which he presided at the close.

"Somewhere in these proceedings," he said sardonically, "there will be a direct answer—yes or no. At that point I'll buy a drink."

In support of his emphasis on the competitive angle, Gesell introduced a letter written by the late J. F. Little, vice-president and actuary Prudential, in answer to an invitation from Dr. Hunter to attend a meeting on settlement agreements, in which Mr. Little said that "I have felt for a long time that we, under the stress of competition, have become rather too liberal," and adding that "a general understanding to refuse to allow complex settlements would probably be helpful."

Tuesday afternoon's questioning was

Elected Vice-president of Mutual Life of N. Y.



DR. E. F. RUSSELL

Dr. Eugene F. Russell has been elected vice-president and manager of selection of Mutual Life of New York.

Dr. Russell, a graduate of New York University and Bellevue Hospital Medical School, has been medical director of Mutual Life since 1933, having joined the company as home office examiner in 1911. He was made manager of selection succeeding the late Dr. P. M. Foshy March 1.

Dr. Russell was president of the Association of Life Insurance Medical Directors of America in 1935-36 and since his graduation has been connected with various clinics, hospital and educational institutions.

on tightening up on the standard settlement options in the contracts, particularly on interest guarantees, and on increasing surrender charges. Messrs. Murphy and Marshall were again on the stand, as was Valentine Howell, vice-president and actuary Prudential, who testified two weeks ago, and W. A. Hutcheson, vice-president and actuary Mutual Life of New York, who was appearing for the first time.

Gesell and Henderson grilled Mr. Marshall on a memorandum he wrote on options, particularly the concluding sentence, which read: "In view of the widespread desire for a uniform basis between companies, is there any possibility that the little entente companies could get together on some such program as that outlined above?"

They also made much of an earlier sentence which read, "the suggestion in my letter met with the approval as a compromise from five companies assuming other companies agreed." The questioners insisted this indicated an anti-competitive agreement.

Memorandum Is Introduced

In explanation, Mr. Marshall called attention to a section of his memorandum containing the following sentence: "The outstanding feature is a widespread desire of companies to agree on some standard basis so that unsound competition on differences in guarantee (of the rate under the interest option) can be avoided." He stressed the fact that it was not competition in general but unsound competition of a type which might impair the strength and perhaps even the safety of a company that it was desired to avoid.

Emphasizing that curbing undue liberality of interest guarantees is at most a minor competitive consideration, Mr. Marshall likened the companies' conferences to automobile manufacturers getting together on increasing the strength of automobile frames while continuing to be highly competitive on the overall

price of the car. At the same time, he pointed out, the excess interest factor even with nonpar companies acts in normal times to offset the competitive effect of differences in rate guarantees.

Controversy Develops

Gesell, however, insisted on the witness answering that a higher interest guarantee was either a competitive advantage or that it was not, bringing on a tiff in which Henderson took a hand. "I'm asking you a simple 'yes-or-no' question, and I want a 'yes-or-no' answer," Gesell persisted.

"I'll have to give you a preamble first," said Mr. Marshall, whereupon Henderson broke in to say, "Whether you have to or not, I'm sure you will." Then, taking over the chair in the absence of acting Chairman Reece, Henderson went on more emphatically, "Do you want to say you can't give a yes-or-no answer?"

The witness explained that too liberal an interest guarantee might turn out to be a very bad thing at some depression period in the future and that to an informed policyholder an unduly high guarantee might be a deterrent rather than an attraction. Returning to Gesell's "yes-or-no" question as to whether a high interest guarantee constituted a competitive advantage, Mr. Marshall said:

"If a policyholder could look into the future and read the rate of interest (that would then be prevailing) the answer might just as well be 'no' as 'yes'."

Failed to Get Admission

Mr. Marshall's reply, though obviously the correct one, evinced no cheers from either Gesell or Henderson, who were trying to get an admission that a higher interest guarantee is a competitive advantage and hence that a desire to curb competition was a motive in bringing about uniformity among companies. Henderson gave a pretty clear implication of his annoyance at Mr. Marshall's testimony when Gesell, at the conclusion of his examination of the witness, asked if the commissioner had any further questions to ask. Said Henderson, disapprovingly, "No, I think it is best to let the record speak for itself."

On resuming the stand, Mr. Murphy testified that on options in the policies as well as special settlement agreements the companies had the sanction of the New York department. Asked whether he thought there would have been any benefit in having the superintendent sit in on the conferences and have access to all the correspondence and records, Mr. Murphy said Superintendent Pink had been informed what was being proposed except for a few final minor changes and that the important thing was not the method employed to attain the result but the result itself. Asked if Mr. Pink had encouraged the companies getting together, Mr. Murphy said, "Yes, that was my interpretation."

Question of Getting Together

In a remark reminiscent of Chairman O'Mahoney's statement last week about national standards for the insurance business, Henderson said to Mr. Murphy, "I gather that you prefer that the technical men get together and with the weight of their technical experience agree on some kind of standards."

"We have a peculiar situation in that the bulk of the business is sold by mutual companies and the only motive actuaries have is to make the companies safe for the policyholders—as opposed to any profit for stockholders," Mr. Murphy replied. "In the light of that I think it is a very safe procedure."

"I note that none of the witnesses even hinted that getting business is an objective," said Henderson. "Don't you think that the fact that a company fears it would lose business is a large factor?"

"Oh, I think everyone has the competitive situation of his company in mind," Mr. Murphy answered.

Questioning Mr. Howell, Gesell read a memorandum by Mr. Little and then

asked Mr. Howell if he thought that Mr. Little had in mind that all companies should be on the same level so that no company would have too great a competitive advantage. Mr. Howell said he thought that was the case.

Another memorandum from Mr. Little, quoted by Gesell, read that "it is proposed to bring such pressure on the larger companies as will be found practical" in connection with giving companies the right to defer payment of surrender values for a period up to six months. Mr. Howell said he supposed the "pressure" referred to the pressure of persuasion.

"I gather from your answer that there are no sanctions, or compulsions or legal remedies?" Henderson asked. Mr. Howell said there were none.

Discuss Drain of Cash Funds

Vice-president Hutcheson of the Mutual Life testified that the mounting volume of cash values paid out in the depression years led actuaries to feel that revisions should be made to prevent recurrence of similar drains. Gesell wanted to know whether liberality on cash values had been due to stress of competition. Mr. Hutcheson said that after the laws passed in 1908 in New York there arose competition on cash values and the companies did not awake to the situation until the depression called it to their attention.

M. I. B. SETUP REVIEWED

Dr. William Bolt, medical director New York Life, testified Wednesday on the setup of the Medical Information Bureau or "M. I. B.," of which he is secretary. He brought out that while all impairments are reported to the M. I. B., whether insurance is issued or not, the report does not show what action is taken by the company nor what company reported the impairment.

Mr. Gesell wanted to know whether information furnished the M. I. B. came solely through findings of medical examiners in connection with applications for new insurance or reinstatements. Dr. Bolt said the M. I. B. exercised no control over the source of information furnished it.

Question on Jumbo Risks

Mr. Murphy, again on the stand, was questioned about the committee on jumbo risks, of which he was first chairman. Though conceding the advisability of conferring on the large risk situation, Gesell asked: "Why was it necessary for the companies to go through the formality of a complete understanding?"

Mr. Murphy said that because large cases usually are brokered among a number of companies it was highly desirable to have uniform examination procedures so as to be acceptable to all companies.

"This, then, would be another instance where the member companies felt they didn't want to compete?" Gesell asked. "They didn't want one company to have the advantage of a medical examination less rigid than the others?"

"I think I can properly state that the companies in this group felt that medical examinations were not a proper sphere of competition," Mr. Murphy replied.

Anti-Twisting Agreement

Vice-president Frank L. Jones, Equitable Society, was quizzed intensively on the inter-company anti-twisting agreement. He testified reporting of threatened replacements to the companies had saved about 50 percent of the cases reported.

Asked whether he thought this system really got at the basic problem of twisting, Mr. Jones said it is similar to the self-regulatory efforts of bar associations, medical associations and the like and that as far as twisting was concerned, "there would have been a lot more of it if we hadn't had it" (the agreement).

In answer to another question Mr. Jones said the committee did not gather

figures on the number of agents reported to state insurance departments as a result of being found flagrant twisters and said he knew of no such cases being reported but supposed there were some.

Gesell wanted particularly to know if prevention of a switch was always in the policyholder's interest. Mr. Jones said it is extremely difficult to show that it is to the policyholder's advantage and that the twisting agent usually omits to state the disadvantages to the policyholder in switching. He emphasized that the committee's purpose is not to "freeze" insurance in the original company but to place all the facts before the policyholder so he can decide intelligently.

Discuss Caliber of Agents

Gesell wanted to know whether the fault might not lie in having too large a number of low caliber agents and whether it might not be better to tackle the problem by raising the caliber of agents, rather than by the methods followed by the committee. Mr. Jones described the educational advances that are being made in this direction, particularly emphasizing the C. L. U. movement.

He also made it clear that the committee sends a report to all the state insurance departments and that the commissioners take an active interest in the twisting problem. Coming back to his

comparison of self-regulation in twisting with self-discipline by bar associations, Mr. Jones said of the latter: "I wouldn't say they are any more successful than we are."

President L. M. Cathles of the North American Reassurance was the principal witness Wednesday afternoon. He testified on conferences among companies on reinsurance.

While nothing further was said about federal regulation of insurance to supplement Chairman O'Mahoney's statement of last week, the questioning was apparently aimed at demonstrating that by its self-regulatory measures the insurance business demonstrated that state control was ineffective, while there are spots which neither state regulation nor self-policing have been able to cope with.

Acacia Makes Move in Chicago

The Acacia Mutual's Chicago branch has moved to suite 2205 One North La Salle street. A. R. Mead is manager. The new quarters occupy about 3,000 square feet of space. The change was made necessary by substantial, steady business increase over the last 18 months, Mr. Mead said, in 1938 the quota being exceeded by 20 percent, and the production running at the same rate this year.

The Pity of It All!

If funerals were held in advance—men wouldn't lapse their policies. Mr. B, a hotel employee, secured from a life insurance company a \$500 whole life policy in 1935. After two years' premiums he lapsed his policy—the usual cry—"lack of work" made it impossible for him to continue.

The extended term insurance purchased with cash value ran until June 1, 1939. On June 2, 1939, the insured passed away. Careful rechecking disclosed no additional value which would have kept the policy in effect beyond June 1, 1939.

Midland Mutual men realize the importance of quality business and of keeping it in force. This is why the Midland Mutual's lapse ratio is very low—5.1%.

The Midland Mutual Life Insurance Co.
Columbus, Ohio

EDITORIAL COMMENT

The Campaign for Federal Regulation

NOW THAT Chairman O'MAHONEY of the monopoly committee has brought the case for federal regulation of insurance out into the open, it is impossible longer to believe that control of insurance by the federal government is not the principal aim of the entire insurance investigation. It is true that O'MAHONEY has denied any actual legislation has been discussed by the committee members. But O'MAHONEY and others most active on the committee seem convinced that since insurance is on a nationwide scale state supervision is not adequate to protect policyholders.

Evidence so far presented by the SECURITIES & EXCHANGE COMMISSION has been patently in this direction. Further material will doubtless be along the same lines and there is small chance that the SEC will voluntarily bring in any contrary evidence.

Since there can be no blinking the fact that powerful administration forces will be marshaled to bring about federal regulation, the question arises, What will such a development mean to life insurance as it is now constituted? What, if anything, should insurance men do about it?

The question deserves serious thought. Not so many years ago some of the prominent, conservative leaders in life insurance were militantly in favor of substituting federal for state supervision. However, to suppose that the states today would give up their regulatory and taxing powers over insurance is fantasy. The important question of state sovereignty is involved. Premium taxes on life insurance, amounting roughly to 15 or 20 times the cost of supervision, are not going to be given up lightly. Furthermore, a number of the states would have good ground for doubting that any federal supervision, because of its newness and inexperience, could possibly fill the role of state supervision.

If the life insurance business could be assured that federal regulation would only supersede and not be added to states' regulation, the question of federal control would be so academic that it might as well be forgotten. But for the reasons already given it is certain if there is to be federal regulation it will be superimposed as an added burden and not as a substitute for the regulation that already exists. It takes only a little imagination to appreciate the position of the companies faced with conflicting federal and state laws and regulations. Comity between the states has pretty well taken care of this sort of thing under the present system but there has been a long process of evolution.

Life insurance, being a human institution, has features which could be improved. No one is more keenly aware of these spots than the life company officials, the leaders in the sales forces, and state insurance officials. The monopoly inquiry has recently devoted much attention to lapse rates. Doubtless the SEC in presenting this evidence feels that it constitutes an argument for federal control. But unless the federal government were also given control over human nature it is difficult to believe that federal supervision could produce any significant improvement.

Probably a very good case could be made out for putting marriage and domestic relations laws under federal rather than state supervision. Such laws are different in each state and in certain embarrassing instances a man may be technically a bigamist in one state and a law-abiding citizen in another. Yet if anyone were seriously to contend that divorces, separations, and general marital infelicity would be substantially bettered by giving the federal government supervision he would be ridiculed even by those who now shake their heads over life insurance lapse rates and then advance federal regulation as an effective remedy.

Those in the business know, as Manager J. M. HOLCOMBE, JR., of the LIFE INSURANCE SALES RESEARCH BUREAU testified before the committee last week, that lapses are mainly due to the frailty of human nature in sticking to its resolves even where so vital a matter as the sustenance of families is concerned. Companies can do a certain amount but as Mr. HOLCOMBE said, you cannot expect to achieve a major result by remedying a minor factor. The companies are just as anxious as any federal regulatory agency would be to bring about improvements in lapses and other phases of the business which need improvement. But to suppose that bringing the federal government into the picture is going to bring about any significant improvement is to foster an illusion which sad experience should have exploded by this time.

R. B. ROBBINS, vice-president and secretary TEACHERS INSURANCE & ANNUITY, recently stated that present rules and customs in the supervision of insurance by states are the result of more than half a century of evolution and that in advocating the federal supervision of insurance "no more serious error can be made than to ignore the historic roots of our institutions." These rules and customs, he said, "are the result of that long period of conflict and cooperation, competition and

combination, selfishness and altruism, enlightenment and ignorance."

"While certain principles have become established, we should think twice before attempting to transplant them bodily into a federal system," Mr. ROBBINS emphasized. "That a federal system might appear full blown overnight and function satisfactorily is beyond the realm of reasonable expectation." Mr. ROBBINS went on to say that despite the fundamental difficulties inherent in comity between states and the related danger of retaliation the business has become reconciled to state supervision and that "our present hope rests largely on the advances that have been made and are being made in uniformity in laws and procedures and in cooperation between states."

That is the considered opinion of an able actuary and student of the business whose company, because of its special circumstances, would be relatively little affected by the sort of "reforms" that federal regulation would probably try to impose. Mr. ROBBINS' conclusions, moreover, are based on purely factual considerations and omit any political color. His arguments

against federal supervision are not based on who is in the White House or what party is in power. Hence they should carry weight with those who fear federal supervision on economic rather than political grounds.

What those in the business can do to keep the institution of life insurance and its policyholders from being saddled with the burden of federal supervision is an important question. Life insurance men have long been accustomed, in dealing with policyholders either individually or collectively, to put the policyholders' interest first. No matter how sincerely they may be convinced that the superimposing of federal supervision would be a net loss to the policyholders they should consider carefully any action they take with respect to federal legislation to be sure that such action not only is definitely in the interest of the policyholders but cannot be distorted to seem otherwise. Since the case against federal supervision is so clear-cut, however, there would seem to be no reason for getting away from the fundamental arguments and switching over to debatable ground.

A Bouquet for Commissioner Sims

REALISTIC approach to the question of the compensation of state examiners in the audit of insurance companies is contained in the letter of Commissioner SIMS of WEST VIRGINIA to the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. Mr. SIMS, speaking as a politician, admits that the \$25 a day plus \$7 for sustenance scale for examiners is a handsome contribution to the patronage of the administration, particularly since the cost is not directly charged to the taxpayers. In statesmanlike vein, however, he observes that the scale is inordinately high and is an imposition upon insurance companies and their policyholders. He makes the interesting observation that under the prevailing scale examiners can receive more in a year than many of the insurance commissioners. He suggests that the remuneration of exam-

iners be set at \$15 per day and the sustenance charge be truly indemnification and not comparable to the salesman's "swindle sheet."

Mr. SIMS' letter will be cordially received by the insurance business and by those commissioners who are able to see the problem in a broader light than that emanating from their local political situation. The insurance commissioner occupies a place that no other member of a state cabinet holds, in that he must constantly relate decisions to national circumstances and reactions. Moreover, today especially, he must be governed by a desire to perpetuate the system of state supervision and avoid doing those things that might cause state supervision to become unnecessarily costly and burdensome, which might serve as argument for federal control.

PERSONAL SIDE OF THE BUSINESS

Miss Maude Holton, agency secretary of the National Protective of Kansas City, which writes accident, health and life insurance mostly on the mail order plan, is state president of the Missouri Business & Professional Women's Clubs and will be prominent at the convention of the National Federation of Business & Professional Women's Clubs to be held in her city July 9-14.

At the annual outing of the Provident Life & Accident held Tuesday, attended by more than 400 home office employees and their friends, a huge cake made in the replica of a large service pin was presented to Vice-President W. C. Car-

tinhour who was completing his 29th year with the Provident that day. On the cake was a large gold candle with 29 notches cut in it.

At a state-wide meeting called by Governor Moses plans were made for an observance of North Dakota's 50 years of statehood. Fred L. Conklin, vice-president Provident Life, has been named chairman of the Golden Jubilee committee.

Edmund E. Lamb, Chicago, general agent Columbian National Life, this week saw his family off for a seven weeks' visit on the west coast. Mrs.

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Lamb and their two daughters, Kathleen and Margie, are going to Los Angeles and the San Francisco fair. They plan to visit the Yosemite, Grand Canyon, Salt Lake City and Denver before returning home.

Horace Foskett, assistant vice-president of the Equitable of Iowa, is in southern California.

Jens Smith, manager of agencies Pacific Mutual Life, is on a tour of agencies in the south and southeast.

Carl Adams of Cleveland, oldest manager in the service of the Ohio State Life, will in a few days commemorate his 29th anniversary with the company. He signed his first contract at Lodi, became manager of the Lodi agency and later consolidated it with the Cleveland agency.

R. S. McKnight, supervisor of the Lamar Life, was honored in May by Alabama agents writing a large volume of business. The paid total was the greatest this year, helping Alabama to forge ahead and to threaten the leadership of Texas. Alabama placed third in May, with Mississippi first and Texas second. John W. Lamar, district manager at Montgomery, Ala., presented the May business to W. D. Owens, vice-president, and Mr. McKnight at the home office.

Warren W. Hampe, Pittsburgh manager of the life, accident and group departments of the Travelers, has completed 20 years' service. He first was special agent in Pittsburgh, then in 1925 became assistant manager there. He was transferred as manager in 1928 to Worcester, Mass., and returned to Pittsburgh as manager in 1936.

J. Raymond Schutz, president Standard Life of Indianapolis, spoke at a meeting of the Mercator Club in Indianapolis given in honor of past presidents. One of them, **W. H. Meub**, general agent New England Mutual, introduced Mr. Schutz.

G. M. Gillette, Williamsport, Pa., has completed 20 years of service with the Equitable Life of Iowa with approximately \$4,000,000 business on his books. Mr. Gillette is second ranking member of the Equitable one-a-week club, having completed 950 weeks of consecutive weekly production.

E. F. Burke, Spokane agency manager Bankers Life of Iowa, is in the hospital there suffering from a nerve spasm of the brain. His condition is not regarded as critical.

F. I. McGraw, underwriting secretary Bankers Life of Iowa, is in the Iowa Methodist hospital at Des Moines following an intestinal operation. His condition is reported as somewhat improved.

Richard F. Baird, general counsel Lincoln National Life, spoke in Dayton, O., to secretaries of Indiana and Ohio chambers of commerce.

A. J. McAndless, president Lincoln National Life, has been elected a director of the Fort Wayne chamber of commerce.

J. W. Crook, associate general agent Provident Mutual Life, Toledo, O., was honored at a luncheon on his 35th anniversary with the company. Richard P. Brown, Toledo manager, presented him with a gold service pin.

W. S. Hendley, manager Mutual Life of New York, Columbia, S. C., has completed 20 years of service in that capacity. Starting as a clerk under his uncle, the late F. H. Hyatt, general agent, in 1900, he was appointed superintendent of agents in 1904. Later he served as assistant manager of the Columbia office and was appointed manager in 1919, on the retirement of Mr. Hyatt. He is a former president of the Columbia Association of Life Underwriters.

The annual fishing party of the **J. L. Watts** general agency of Pacific Mutual Life was held at his summer home at Lakewood Club, Michigan, in the heart of the pine woods. The party was away for three days. The annual outing cul-

minates a six months' production drive. There was a golf tournament, fishing trips, swimming and a barbecue party. John L. Watts, Jr., and R. E. Watts, assistant general agent, were in the party.

Following the San Angelo convention of the Texas Association of Life Underwriters, **O. D. Douglas**, Texas general agent of the Lincoln National Life, San Antonio, gave a party at his ranch home near Boerne, honoring President Holgar J. Johnson of the National association. C. J. Zimmerman, vice-president; O. Sam Cummings, immediate past president, and a number of general agents and managers, including several past state presidents.

Perez F. Huff, resident vice-president Bankers National Life, Los Angeles, observed his 50th anniversary in life insurance by entertaining 54 of his friends in the business at a luncheon and lawn party at his home.

Ray S. Bates is acting superintendent of insurance of Ohio in the absence of Superintendent John A. Lloyd and several other members of his staff, who have gone to San Francisco to attend the annual meeting of the National Association of Insurance Commissioners.

J. E. Conklin, Hutchinson, Kan., district agent of the Equitable Society, past president Hutchinson Life Underwriters Association and vice-president of the Kansas association, who is in the east to attend the meeting of Rotary International, is thankful for an "all-risk floater" that he carries, as his traveling bag containing his clothing and an expensive camera was stolen from his locked car in New York. The bag was part of a set presented to him and Mrs. Conklin at the district Rotary conference in McPherson, Kan., in May.

The engagement of **Alan C. Macauley**, son of **C. A. Macauley**, state agent John Hancock Mutual Life in Michigan, and Miss Barbara F. Russell of Waterbury, Conn., was announced in the east. She is a granddaughter of the late Dr. E. E. Flickinger, for many years the John Hancock state agent in Indiana. The friendship of the families dates from 1898 when C. A. Macauley joined the Flickinger agency as an agent, going to Michigan in 1909. For some years the Macauleys and Flickingers wintered in Daytona Beach, Fla., where the young people met.

C. F. Hanson, Houston, Tex., Lincoln National Life general agent, won a rifle match at Laredo, Tex., with a score of 99 out of a possible 100, and will attend the national rifle matches at Camp Perry, O., in September.

Charles E. Crane, publicity director National Life of Vermont, was given an honorary M.A. degree at Norwich University commencement in recognition of his book, "Let Me Show You Vermont."

President **G. S. Nollen** of the Bankers Life of Iowa attended the commencement exercises at Smith College where his daughter Janna graduated with cum laude honors in science and mathematics. Another daughter, Sara, will be a junior at Smith College next year.

Sidney Salomon, Jr., of the M. A. Nelson agency of the Equitable Life Assurance Society in St. Louis led the entire Equitable agency force in May by paying for \$643,780 of new business. His paid-for business for the first five months totaled \$1,287,000. He has been a member of the Million Dollar Round Table for two years.

Lillian M. Van Buskirk, assistant secretary Equitable Life of Iowa, has retired after 33 years of service. She was in charge of the policy loan section for many years.

William C. Conley, Jr., Michigan department actuary, and Miss Joan Joyce of Ironwood, Mich., were married in Chicago and are now enjoying a honeymoon in Michigan's upper peninsula. Mr. Conley was given a bachelor dinner in Lansing by a group of friends, mainly from the department. Commissioner

Emory made a presentation speech in presenting the honor guest a gift.

President **L. E. Zacher** of the Travelers had the degree of master of arts conferred upon him at Trinity College of Hartford.

Raymund Daniel of Atlanta, executive secretary of the Industrial Insurers Conference, was called to Quitman, Ga., owing to the death of his brother, Royal Daniel. The funeral was held Monday.

M. J. Eckert, general agent Columbian National Life, Binghamton, N. Y., is celebrating his 25th anniversary with that company this month. He joined the Columbian National June 14, 1914, and since that time has built one of its most successful agencies. He has already qualified as a member of the current Star Producers Club. This is the 18th year in which he has earned membership in that group. In addition to his hobby of collecting old coins, Mr. Eckert has established an enviable reputation as one of Binghamton's authorities on precious stones. As a numismatist and gemologist he has few peers.

C. B. Richardson, associate general agent Massachusetts Mutual Life, Richmond, Va., continues very ill at his home in that city. He recently suffered a stroke.

DEATHS

C. D. Rarey, comptroller of the Travelers companies, died at a hospital in Hartford of a heart attack following an operation. He was born in 1888 in Columbus and entered the service of the Travelers there in 1910. He was transferred to the head office a year later and served successively as traveling auditor, auditor and comptroller.

Funeral services for **A. S. Maddox**, who died in California, were held in Des Moines. He was formerly a Des Moines agency manager, and was at one time president of Our Home Life of Washington, D. C.

Daniel H. Schwartz, veteran Equitable of Iowa agent in Detroit, died at the age of 56. Mr. Schwartz, who lived in Birmingham, had been successively a soliciting agent, agency supervisor and district agent of the Smart general agency of the Equitable in Detroit, connected with the agency since 1921. He had 758 weeks' consecutive weekly production to his credit. He wrote \$700,000 in his best year, and insured from 100 to 250 lives annually, once writing 16 lives in a week, leading the company in lives written for three years.

W. G. Childers, Bankers Life of Iowa agent since 1916 in Los Angeles, died

suddenly at Ventura, Cal. He was a member of the Bankers Life's president's premier club.

Connecticut Mutual Leaders Honored

HARTFORD, CONN.—The 60 leading agents of the Connecticut Mutual field force convened at the home office Monday for a special visit to headquarters in recognition of their outstanding work during the past year, ending April 30. The group left the next day for the national convention at Spring Lake, N. J.

Activities opened with a word of welcome from V. B. Coffin, second vice-president and superintendent of agencies, following which a luncheon was held. The afternoon was spent inspecting the working of the head office.

A point of extreme interest was the original safe, which is about two feet high, and which is now on exhibit alongside the door of the present day vault.

Climax of the day's activities was a banquet led by President Loomis, home office officials honoring the leaders for the outstanding contribution which they have made.

An Opportunity in Wisconsin—

ASSISTANT GENERAL AGENT WANTED

An old line legal reserve stock company writing both Life and Accident and Health will appoint an assistant general agent in an established agency in Wisconsin. The man wanted has experience, a good record of personal production and the ability to find and teach new agents. He will receive support from competent general agent, and from the company. Salary and commission. Inquiries will be handled in strict confidence. (Our own organization knows of this ad.)

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An Old Line Legal Reserve Company—Established 1895
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Writing Complete Line of Modern Policies with All Standard Provisions
Ages (0-60)

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WHETHER you visit the New York World's Fair . . . or the Golden Gate International Exposition . . . or both, you will have the opportunity to become better informed regarding many things of vital significance. Nothing can be more intimately important, however, than the lessons to be learned at the LABORATORY FOR LIVING. For these two exhibits, one in New York and one in San Francisco, focus attention on one's most precious possession — LIFE.

Developed from the latest findings of applied science, these companion displays, through a series of ingenious tests and visual demonstrations, make a powerful plea for home and highway safety, fire prevention, and health conservation.

Set amid surroundings of striking color and design, and "manned" by a group of personable young ladies, the LABORATORY FOR LIVING is daily attracting thousands of Fair visitors.

AT THE LABORATORY FOR LIVING one's driving skill may be compared with that of others by means of various devices which measure steering accuracy, braking response and quality of vision.

A spectacular demonstration of insidious fire hazards, both home and industrial, engages the complete attention of every visitor and teaches unforgettable lessons in fire prevention.

At New York the health exhibit features the functions and care of one's heart, while at San Francisco basic principles of proper diet are stressed.

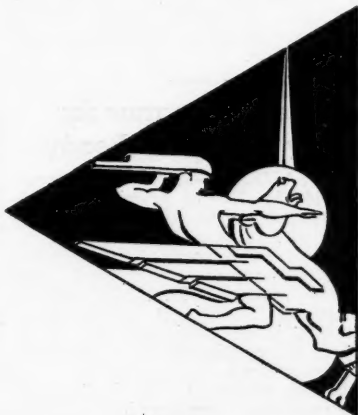
At both Fairs continuous motion pictures are shown, further emphasizing common dangers and how to avoid them.

The potential benefits resulting from this educational project are manifold — lives spared, injuries reduced, claims lessened and rates held in check or lowered. Surely everyone in the insurance business has reason to view the LABORATORY FOR LIVING with the keenest interest!

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World's Fair

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INSURANCE BUILDING

Near Theme Center



At the Golden Gate
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HALL OF SCIENCE

Near Ferry Entrance

THE ÆTNA LIFE INSURANCE COMPANY
THE ÆTNA CASUALTY & SURETY COMPANY
THE STANDARD FIRE INSURANCE COMPANY
THE AUTOMOBILE INSURANCE COMPANY
of Hartford, Connecticut

NEWS OF THE COMPANIES

Organizing New Industrial Company in Louisiana

Ernest L. Roberts, division manager of Occidental Life for Louisiana, Arkansas and Texas, for the past few years, with headquarters in New Orleans, has resigned that post and is organizing the



ERNEST L. ROBERTS

Southern National Life of Baton Rouge, with \$200,000 capital. The new company will write industrial business. Operations will begin in July.

Mr. Roberts was at one time vice-president of the American National of Galveston in charge of ordinary agencies. Just before joining the Occidental he was Dallas general agent of the Minnesota Mutual Life.

Reaches a Milestone

California-Western States Life celebrated another milestone in its growth June 14 when President O. J. Lacy personally delivered Policy No. 400,000 to D. J. Elliot of Courtland, Cal. Mr. Elliot is the owner and manager of Stillwater Orchards, dealers in fine fruits. Delivery of the policy took place in Mr. Elliot's modern office on the ranch in the midst of a pear orchard planted 80 years ago by his uncle, David Osborne, who took the trees around Cape Horn by sailing vessel. The trees still are producing an exceptionally fine quality of fruit. The policy is a \$20,000 ordinary life with disability income, and written by John Latourrette of home office agency in Sacramento.

New Equitable Life Seal

The Equitable Life of Iowa has adopted a new company seal. In the center is a shield symbolic of strength. In the four quarters are scales representing justice, a helmet standing for protection, a compass indicating competent direction, and a key, the symbol of friendship.

Named Treasurer

The American Mutual Life of Des Moines named Earl D. Frink as treasurer to succeed the late W. E. Davy at the annual meeting at its home office. Mr. Frink has for a number of years served as vice-president and a director of the company and has taken a prominent part in its activities and in the conduct of its business.



Earl D. Frink

National Life of Canada Celebrates 40th Jubilee

This month the National Life of Canada celebrates the 40th anniversary of its founding. On June 29, 1897, the royal assent was given to an act of the parliament of Canada to incorporate the company. By June, 1899, a sufficient amount of stock having been subscribed, the company was ready to commence business. The original license is dated June 23, 1899, and on June 29, 1899, the first policy was issued. At the end of the first year's operations, insurance in force stood at \$604,000. From this small beginning, the company showed a steady conservative development until at the end of 1938 business in force amounted to \$59,193,609 with assets of \$12,485,385. It has agency offices across Canada and in Hamilton, Bermuda, and Kingston, Jamaica. Policyholders are scattered far and wide throughout Canada. The amount of business in force and its excellent geographical representation combined with a sound investment policy provides an excellent foundation for future progress.

Assistant Secretary Trull Resigns

Assistant Secretary Elliott F. Trull of the New England Mutual Life, because of ill health the past year, has resigned. He entered the home office in 1893 as a messenger. Shortly afterwards he became clerk in the note department, and three years later he became an assistant in the cashier's department. He was

later made cashier, in which capacity he served for a number of years. In 1927 he was made assistant secretary. His father, S. F. Trull, entered the home office in 1867, and had been secretary for 20 years at his death in 1905.

Honoring President Beasley

Theo. P. Beasley, president Republic National Life, Dallas, is being honored by a birthday campaign this month. To date a record production has been experienced.

Agents have been supplied with charts spelling out the name "Theo. P. Beasley," and an even dozen "apps" are required to complete the chart. All June applications are being sent directly to the office of the president. On conclusion of the drive President Beasley will be presented with a scroll by M. Allen Anderson, agency vice-president, which will bear the name of every June producer.

Final Report Is Awaited

DENVER—The receiver of Pacific States Life is expected soon to make his final report. This was a miserable washout. The assets, it is understood, have reduced to about \$160,000 whereas the claims amount to about \$4,000,000.

E. L. Hines has been appointed special home office representative of the agency department of the Southland Life. Beginning his insurance experience in Maryland, Mr. Hines served the Metropolitan Life for 16 years.

The Continental Life of Canada is expanding to Bermuda and the British West Indies. Jamaica is the first territory to be opened up.

LIFE SALES MEETINGS

Pilot Life Has Two Rallies in N. Y.

NEW YORK—The ordinary and industrial conventions of Pilot Life are under way in New York this week. The industrial meeting was held the first three days and the ordinary runs from



E. C. GREEN

Thursday through Saturday. About 250 are on hand for the two parties.

At the first industrial session President E. C. Green made the principal address. Club awards were presented by W. B. Clement, superintendent. Tuesday was left open for visiting the fair and the industrial meeting closed with a luncheon Wednesday.

The ordinary convention opened Thursday with presentation of awards by J. M. Waddell, agency manager. That evening a special group of quali-

fiers were guests of President Green at a dinner and an attendance at a radio broadcast. Members of the McAlister clan will be guests at a breakfast Friday morning. C. R. Webb, president of the Pilot Club, is presiding at the Friday regular session. President Green is making an address. Other speakers at that time are C. R. Wharton, associate counsel; P. J. Myatt, general agent at Washington, D. C.; Hugh D. Waldrop, general agent Goldsboro, N. C.; and J. M. Holcombe, Jr., manager Sales Research Bureau. Saturday is being left open for visiting the fair.

J. W. Carson, secretary, is chairman of the entertainment committee and C. H. Benson, actuary, of the program committee in connection with the ordinary convention. L. L. McAlister, superintendent of agencies, was in charge of all arrangements in connection with the convention.

Old Line Life Program for Agency Conference Ready

MILWAUKEE—M. F. Ryan, treasurer Old Line Life of America and general chairman of the annual agents convention at Lawsonia, Green Lake, Wis., June 26-28, has announced the program. About 150 representatives and their wives will attend. H. A. Woodward, manager of the accident and health department, is vice-chairman, and P. A. Parker, agency director, is in charge of business sessions.

Business sessions will be held on the three mornings. Speakers include President J. E. Reilly on "What Lies Ahead," C. H. Davis, manager eastern railroad department, Pacific Mutual Life, "The Complete Circle of Protection," A. R. Jaqua, associate editor Diamond Life Bulletins, "The Golden Decade," J. H. Daggett, vice-president; Mr. Ryan, Mr. Parker and "Dusty" Miller, philosopher. W. J. Moore, secretary, will award prizes. There will be a dramatized sales clinic, a series of sales skits and tableaux, prepared by the agency depart-

ment and put on by a cast composed entirely of company salesmen.

Monday night the Star Leaders Club will be honored at dinner. J. R. Roets, Milwaukee, qualified for the highest honor in the organization and will become president of the club for 1939-1940. Next in line for club honors is J. L. Fox, general agent at Fond du Lac, Wis., who becomes first vice-president. Floyd Voight, who joined the company in 1938 and is district agent at Watertown, Wis., is second vice-president. Twenty other agents qualified for the Star Leaders Club.

Great National Agents Meet

Winners of two efficiency cups and the production cup for 1938 were announced at the Great National Life's annual agency convention at Camp Waldemar near Kerrville, Tex. John A. Monroe, Jr., Dallas, received the efficiency cup for salesmen living in metropolitan areas, and A. Frank Hill, manager at Pampa, Tex., was awarded the regional efficiency cup for small town salesmen. Mr. Hill also received the production cup for the largest volume of paid business.

B. N. Woodson, Sales Research Bureau, spoke three mornings at the convention. Other speakers were company men.

Union Mutual Anniversary Rally

The 91st anniversary agency convention of the Union Mutual Life will begin next Monday with an open house at the home office in Portland, Maine. There will be a luncheon at the Portland Country Club, and in the afternoon the entire convention party will go for a cruise on Casco Bay. In the evening there will be a banquet and dance. The after-dinner speakers will be J. Marshall Holcombe, manager Sales Research Bureau, and Howard J. Burridge, THE NATIONAL UNDERWRITER.

For the remainder of the week the convention group, consisting of about 100 field men and their wives, will go to Kezar Lake, Me.

Lebby Talks to Life Men

W. E. Lebby, state manager Massachusetts Indemnity, spoke on "Programmed Personal Insurance" at the school for its agents conducted by the Hays & Bradstreet agency of the New England Mutual Life in Los Angeles. He emphasized the importance of disability protection in building a complete life insurance estate.

"When your policyholder becomes disabled, what will become of his life insurance program?" Mr. Lebby asked. "Can you answer this question? He must have income. You can, and should, through disability insurance arrange for monthly income checks sizable enough to cover all fixed expenses. Your policyholders are ten times more apt to become disabled within the next 12 months than they are to die.

"An average man, in savings or life insurance, rarely saves more than one month's income a year. A man disabled for one full year at age 35 with extra expenses, is placed in the financial age of a man of 50. When protected by disability insurance he is placed in the same financial position he was previous to the disability."

Life & Casualty Agents Meet

JACKSONVILLE, FLA.—Delegates from 12 southern states attended a convention here of the Life & Casualty, then embarked on the Iroquois for a cruise to the New York fair. The trip was awarded to outstanding managers, superintendents and agents as a prize for exceeding their production quotas in the last year. Three company vice-presidents, W. V. Walker, C. N. Heron and Gifford Dudley, Jr., were in charge of arrangements. Miss Ero Emmons, editor of publication, also attended from the home office.

Beryl Blevens, San Diego manager of the Occidental Life, and Mrs. Blevens are the parents of a son.

VIEWED FROM NEW YORK

By R. B. MITCHELL

FOUNDATION PLAN INDICTMENTS

Life men are interested in the indictment of two officers and three salesmen of the Foundation Plan, Inc., which has sold more than \$18,000,000 of thrift plan certificates since 1932. They were indicted for violation of the securities act. H. C. Williams of New Rochelle, who is president, has a salary of \$25,000 a year. The indictment names the corporation itself and its predecessor, the United Endowment Foundation. It is charged that the defendants used high pressure methods of selling certificates and failed to inform purchasers of heavy service charges and other material facts.

VALUE OF RECORD-KEEPING

The value of conscientious record-keeping was emphasized by F. M. Minninger, manager Connecticut General Life of Newark, in a talk before the Davis agency of the Canada Life in New York City. Mr. Minninger said that it was not until he had become so discouraged that he was about to leave the life insurance business that he realized the value of his records and the lesson they taught him, which was that business is directly in proportion to the number of new calls one makes.

Mr. Minninger went into life insur-

ance selling in 1930 when he was 26 years old. He sold \$750,000 his first year. From then on, although he had more experience and worked just as hard his earnings tapered off until in 1933 his first year commissions were only \$1,800. Disgusted he was about to resign when his general agent, John C. McNamara, told him to look over his records. He did so and found that in 1930 he made 1,600 new calls whereas in 1933 he made only 240 new calls. This fact enabled him to make his production ratio of closings to new calls greater and put himself on sound footing again.

AGENCY CASHIERS ORGANIZE

Agency cashiers have organized the Cashiers' Association of New York and elected the following officers: president, P. J. Harwood, Davis agency, Canada Life; vice-president, P. J. Spies, Keene agency, Massachusetts Mutual; secretary, J. N. May, Jr., Runyon agency, Fidelity Mutual; treasurer, Robert Townsend, Young agency, State Mutual; board of governors, M. P. Gallagher, New York City collection office, Penn Mutual; W. S. Webber, Kassoff agency, Mutual Life of New York; and R. L. Cannon, McMillen agency, Northwestern Mutual.

The new organization is the outgrowth of a group that has been meeting informally since February. Its purpose is to bring local cashiers together for discussion of common problems and to promote acquaintanceship with a view to facilitating interchange of information among the life offices. It is planned to hold meetings each month beginning

in September, at which there will be speakers on subjects of interest to cashiers.

Mr. Harwood, association president, joined the Davis agency in March, 1938, having previously served the Canada Life at the home office and in the maritime provinces.

TRAYNOR ACTING HEAD

During the absence of Insurance Superintendent Pink of New York, who is attending the annual meeting of the National Association of Insurance Commissioners at San Francisco, J. P. Traynor, deputy superintendent, is in charge as acting superintendent. First Deputy T. J. Cullen, who spends much time at the Albany office, is attending the convention and has asked Deputy G. H. Jamison to act in his stead.

KNIGHT AGENCY OUTING

The Charles B. Knight agency of the Union Central Life in New York City held its annual outing at the Westchester Country Club, Rye, N. Y. Dr. J. B. Procter, resident medical examiner, won the golf tournament with a low gross score of 84.

R. S. Rust, secretary, represented the home office. Contributing to the gaiety of the occasion was the fact that in spite of adverse business conditions the agency in May paid for \$1,903,758 as against \$1,895,649 in May, 1938. Various sports occupied the day, which culminated with the dinner at which the various awards were presented.

James L. Bruyn of Sunnyside, L. I., has been appointed field assistant in the Travelers' 55 John street office, New York City.

PACIFIC COAST AND MOUNTAIN

New California License Fee Schedule Now in Effect

Commissioner Goodcell has issued the new insurance department license fee schedule which is now in effect.

Notice is called to the doubling of fees for applications filed after the penalty date. The penalty fee for a broker, for instance, will rise from \$15 to \$30 and for agents from \$6 to \$12.

Surplus line broker's license fee is increased from \$25 to \$50 annually. Commissioner Goodcell stresses the points that the new law went into immediate effect and that the fees are for filing applications for licenses and not for issuance. He said that this change is made to eliminate the cost of examining applications, etc., being placed upon those who do receive a license rather than on those who are refused licenses. In the latter case, fees will no longer be refunded to those failing to qualify.

Qualification Law in 90 Days

In 90 days after the legislature's adjournment the new California license qualification law affecting life agents will be effective. Under this new law life agents will be compelled to take qualification examinations along lines similar to the examinations taken by fire and casualty agents, brokers and solicitors. The examination fee for life agents will be \$3. Other agents pay \$5. Life agents must have a separate license for each company they represent or with which they do or may place business.

Beauty Contest in San Francisco

The prettiest girl in San Francisco's insurance district will be selected at the buffet-supper-dance which brings Insurance Day on Treasure Island to a close June 24. Each insurance office was permitted to enter one employee. A cash prize is to be awarded the lucky girl. The committee consists of Arthur M. Brown, Edward Brown & Sons; H.

F. Badger, Pacific Board; T. F. Ryan, assistant secretary Fireman's Fund; R. J. Mayle, Pacific National Fire; Miss Alyce West, president San Francisco Insurance Women's League and Frank Williams, insurance accountant.

What life insurance means to the business woman was discussed at the San Francisco Insurance Women's League's meeting by Miss Maritza Barcofy, John Hancock Mutual Life.

CHICAGO

EIGHT MEN TO CONVENTION

Eight members of the Charles J. Zimmerman agency in Chicago for the Connecticut Mutual Life, attended the agent's convention at Spring Lake, N. J., this week. Qualification was on the basis of new paid business. Before going to Spring Lake the party were guests of Mr. Zimmerman at the New York fair.

TARRANT AGENCY PROGRESSES

The Berrien Tarrant agency of the Canada Life in Chicago finished in 15th place in a six weeks sales campaign and now ranks about 15th for the year. When Mr. Tarrant took active charge of the agency about a year ago it ranked last or in 36th place. Mr. Tarrant is attending the producers convention of the Canada Life at Seignory Club, Quebec, this week.

CHICAGO'S MAY BUSINESS

The estimate of total ordinary sales in Chicago for May is \$28,357,000 as compared to May, 1938, which was \$26,663,000, a gain of \$1,694,000.

Sidney L. Loveless, Seaboard Life's leading personal producer in May, has been elected secretary of the newly incorporated city of College Station, Tex.

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NEWS OF LIFE ASSOCIATIONS

Rench Elected on St. Louis Boat Ride

ST. LOUIS—Approximately 1,000 members of the Life Underwriters Association of St. Louis, the Cashiers Club and affiliated organizations attended a boat excursion on which officers were elected.

One of the purposes of the gathering was to emphasize the value of a boat ride on the Mississippi River as an entertainment feature. Such an excursion being planned for the annual convention of the National Association of Life Underwriters in St. Louis Sept. 25-29.

Fred T. Rench, general agent National Life of Vermont, was elected president of the life underwriters to succeed Frank Vesser, manager Reliance Life. Mr. Rench is also treasurer of the St. Louis committee in charge of the local arrangement for the national association meeting.

Other new officers are: Wellborn Estes, Aetna Life, Lester S. Becker, general agent Lincoln National Life, vice-presidents. Directors for three year terms are: Louis S. Bunte, Northwestern Mutual Life; Walter M. Dau, Travelers; George L. Dyer, Jr., Columbian National Life; Ralph D. Lowenstein, co-general agent Massachusetts Mutual Life; Larry McDougall, Mutual Benefit Life; and Arch DeBow, New England Mutual Life.

Directors for two-year terms are: Don Cramer, Prudential; Irven Barker, Connecticut Mutual Life; and E. P. Connolly, Penn Mutual Life. Directors for one-year terms are: Louis Scardamalia, National Life & Accident; George Means, Metropolitan Life; and Henry McQuade, John Hancock Mutual.

The young men's division also held its

annual meeting and selected the following officers: Chairman, Laurence McDougall, Mutual Benefit Life; vice-chairman, Jesse Campbell, Metropolitan Life; treasurer, George F. Stevens, and secretary, Frank Williams, Union Central Life.

The Cashiers Club elected the following: Chairman, J. C. Arnold, Lincoln National Life; vice-chairman, D. W. Eschenbrenner, Connecticut Mutual Life; secretary-treasurer, William P. Busch, Northwestern Mutual Life.

Standard Life Wins Pittsburgh Cup

PITTSBURGH—The President's Cup awarded by the Pittsburgh Life Underwriters Association to the agency outstanding in association activity during the year was presented to the Pittsburgh agency of the Standard Life at the annual meeting. The cup was donated by Ned Hemingway, Connecticut Mutual agent, in memory of his father, Lee D. Hemingway. In the absence of C. F. Zahniser, manager Standard Life, the cup was accepted by Samuel Keichline, agent for the company. The agency has 100 percent membership in the association.

Three veterans of the life insurance business were honored: R. S. Clarke, who has been with the M. J. Ream agency of the Mutual Benefit for 50 years and has spent 55 years in life insurance; Frank C. Pierson, manager ordinary office of the Prudential for 25

years and a veteran of 46 years in the business, and Charles W. Scovel, Northwestern Mutual, a member of the local association for 41 years, past president of both the Pittsburgh association and the National Association of Life Underwriters.

Dr. Ralph C. Hutchison, president of Washington & Jefferson College, spoke on the factors that threaten democracy in this country.

New Hampshire Congress

The New Hampshire Life Underwriters Association will hold a sales congress at Manchester Friday of this week. President H. J. Johnson of the National association and Vice-President D. G. Hunter of the Phoenix Mutual Life will be the main speakers. Guy L. Foster of Manchester is president. W. E. Johnson, Jr., of Nashua is chairman of the arrangements committee.

Illinois Officers Invited

Officers of the local life underwriters associations of Illinois are being invited to attend the luncheon in Chicago on June 27 in connection with the Chicago Life Underwriters Association's all inclusive committee meeting. It was originally planned to hold a state officers school at that time, but it was decided to postpone this until the mid-year meeting in Peoria in the fall.

Nashville, Tenn.—New officers elected are James G. Hill, Connecticut Mutual Life, president; Lawrence Stumb, Bankers Life, vice-president; J. B. Leeth, general agent Pan American Life, secretary-treasurer. Mr. Leeth, erroneously reported in The National Underwriter as dead, wishes it to be known that he is very much alive. The flood of inquiries from insurance

associates asking the manner of his death has been somewhat disconcerting to say the least.

George H. Harris, public relations officer Sun Life of Canada, spoke.

Ottawa, Ia.—A. L. Larson is the new president, O. W. Nelson, first vice-president; L. M. B. Morrissey, Jr., second vice-president; Charles Harch, secretary.

Montreal—Vernon H. Hopper, Canada Life, is the new president. Other officers are vice-presidents, J. R. Pelletier and H. E. Whipples; secretary-treasurer, C. F. Holmes.

Indianapolis—George H. Harris, Sun Life public relations officer, gave an address, "Current Sales Problems."

Louisville—H. K. Hill, Massachusetts Mutual Life, was elected president. He succeeds W. H. Lausman, Provident Mutual Life, who became an ex-officio director. Other new officers are: Vice-presidents, John K. Taylor, Equitable Society, and J. E. Hayden, National Life & Accident; secretary-treasurer, H. W. Cardwell, Pacific Mutual Life; directors, Craigie Krayenbuhl, Reliance Life, and Frank Kelsey, Phoenix Mutual Life.

G. H. Harris, public relations officer Sun Life of Canada, spoke on "Current Sales Problems," urging agents to return to the fundamentals of life insurance selling to meet present day conditions.

Atlanta—Harry W. Indell, manager Metropolitan Life, was elected president. Other new officers are: Russell Bridges, Jr., and W. Stanton Hale, vice-presidents; Luther E. Allen, Robert L. Foreman, Jr., Holcombe T. Green, Chas. C. Bethea, Chas. B. Harrell, Jr., and Edwin F. McCarty, directors.

Northern New Jersey—At the annual meeting, held in conjunction with the outing at the Mount Tabor, N. J., Country Club, Ernest C. Hoy, Newark manager Sun Life of Canada, was elected president. Other officers are: Vice-presidents, Fred Dittmars, Massachusetts Mutual Life, and Ernest Finch, Jr., Guardian Life; secretary, John Wood, Pru-

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dential; treasurer, Frank Williams, Mutual Life of New York. Lester Horton, Connecticut Mutual Life, and Fred Merrells, Sun Life of Canada, were elected to the executive committee.

Seattle—Ross E. Chastain, home office field assistant Northern Life, will take office July 1 as president. Fred C. Becker, Equitable Society, is vice-president; H. T. Brace, New York Life, secretary, and A. K. Jensen, West Coast Life, treasurer.

Manitowoc, Wis.—F. H. Planting, Prudential, has been elected president. Others elected were Elmer Bleser, Connecticut Mutual Life, vice-president; Irwin Dalton, Aetna Life, secretary; Edward Mau, Travelers, secretary.

Fox River Valley, Wis.—Peter Zimmer, Prudential, Oshkosh, was elected president. Other officers are Milford Fox, Central Life, Appleton, vice-president; Harry Brueger, Aetna, Oshkosh, secretary; George Cameron, Northwestern Mutual, Neenah, treasurer.

Harrisburg, Pa.—Paul R. Teitrick, Union Central Life, has been elected president to succeed R. R. Burtner, Bankers Life of Nebraska. Other officers are: Vice-president, J. S. Ross, New York Life; secretary-treasurer, H. P. Johnson, Penn Mutual, reelected.

Frank C. Wigginton, Bankers of Iowa, Pittsburgh, vice-president of the Pennsylvania association, spoke.

Evansville, Ind.—Louis Levi was elected president; Gifford Eastham, vice-president, and Ben J. Lurie, secretary-treasurer.

Des Moines—The annual meeting will be held June 30.

Sacramento, Cal.—A. N. Wisker, Metropolitan, was elected president; J. G. Storrs, Sun Life, vice-president; I. O. Wilson, California-Western States, secretary. Retiring president is Melville Newfield, Equitable of Iowa. Frank W. Bland, The National Underwriter, was the main speaker. Harry T. Wright was endorsed for vice-president, and O. D. Douglas for trustee National association.

Charlotte, N. C.—C. M. Hassell was elected president at the annual meeting. Other new officers are: Vice-president, G. W. Patterson; secretary-treasurer, B. S. Blanton, Jr.

Memphis, Tenn.—New officers elected at the annual meeting are: President H. B. Jones, New York Life, succeeding Wayne Deupree; first vice-president, Eugene Jones; second vice-president, W. J. Winn; secretary, Harry Schadt; treasurer, Leslie Fortune.

Wichita, Kan.—H. Lee Leavell, general agent John Hancock, won the golf championship at the annual stag picnic. Meetings will be resumed in September.

Springfield, Mass.—New officers elected are: President, H. W. Abrahams, Metropolitan; vice-presidents, J. A. Hunter, Phoenix Mutual, and H. C. Hunken, Connecticut Mutual; secretary, Grace R. Colton, Massachusetts Mutual; treasurer, H. R. Schmidt, Penn Mutual, national committeeman, R. C. Laub, Monarch Life. P. C. Sanborn, general agent Connecticut Mutual, Boston, was the speaker.

Ottumwa, Ia.—Arthur L. Larson was elected president; O. W. Nelson and L. M. B. Morrissey, Jr., vice-presidents; Charles Harsch, secretary-treasurer; R. M. Crone, national committeeman. W. L. Schlottter spoke on "Taxation and Its Effects on Life Insurance Work."

Fort Wayne, Ind.—B. P. Stonecipher was elected president, succeeding J. D. Haynes. Other new officers announced at the annual outing are: T. W. Jones, vice-president; Miss Edwina Getty, secretary; Clinton Sprunger, treasurer. Harry Warvel of Gary, secretary Indiana association, was guest speaker. J. L. Mueller won the golf tournament, with James Geiger second.

Davenport, Ia.—Joseph J. Hilbe was elected president. Charles Sessions and John Cosgrove are vice-presidents; Richard R. McCabe, secretary; Frank Eller, treasurer; Charles A. Kuttler, chairman of the executive committee; Karl E. Madden, national committeeman, and Paul Otto, state committeeman.

Springfield, Mo.—C. A. Russell, New York Life, was elected president. Vice-presidents are C. K. Martin, Equitable Society, and W. L. Coonrod, Northwestern National. Secretary and treasurer will be appointed by the directors. An "on to St. Louis" committee was appointed.

Chicago—The agency cashiers' division held a dinner meeting June 20. Miss Christine Ludwig, president, announced a program consisting of round table discussions, and vacation motion pictures of "The World of Tomorrow."

A dinner in Minneapolis June 16 wound

S. C. Speaker



W. H. ANDREWS, JR.

W. H. Andrews, Jr., Jefferson Standard, Greensboro, trustee of the National Association of Underwriters, will address the South Carolina Association of Life Underwriters at its annual meeting in Columbia, June 23. Headquarters will be at Hotel Columbia.

Preston C. Manning of Florence is now president and M. Hope Reedy, Florence, state secretary.

MANAGERS

Cincinnati Managers Group Elects New Trustees

CINCINNATI—At the annual meeting of the Associated Life General Agents & Managers, trustees were elected: R. C. O'Connor, Reliance Life; J. C. Benson, Union Central; G. J. Woodward, Equitable Society; G. T. Kennedy, Lincoln National; R. Q. Milstead, Prudential; I. B. Jackson, Massachusetts Mutual; Frank Wiglesworth, Travelers; W. J. Mack, Northwestern Mutual; J. W. Austin, National Life of Vermont. They will elect new officers from their group.

Trophy winners in the golf tournament were Grant Westgate, Ohio National, low gross and least number of putts, and I. B. Jackson, Massachusetts Mutual, second low gross. G. J. Woodward, Equitable Society, received a toy lawn mower; W. B. Ackerman, John Hancock, a child's pail and shovel, and C. V. Anderson, Provident Mutual, a miniature driver.

J. C. Benson, Union Central, president, presided. R. C. O'Connor, Reliance Life, awarded golf prizes. There are 36 active and eight associate members.

Kansas City Life Conference

Under the direction of O. Sam Cummings, Texas state manager for the Kansas City Life, the last of a series of three agency management conferences will be held in Cincinnati June 26-28. In attendance will be general agents and supervisors from central Illinois, Michigan, Ohio, Indiana, Georgia, Pennsylvania, Virginia, West Virginia, Maryland, District of Columbia and Tennessee.

The home office is to be represented by W. E. Bixby, president; J. F. Barr, vice-president, and M. R. Smith, agency supervisor.

up the activities of the **Twin Cities Women's Underwriters Club**, an organization of life insurance women.

LEGISLATION

California—Among the acts passed by the legislature which have become laws without the signature of Governor Olson are:

Procedure set up for the examination of life agents with a \$3 application fee.

Permits insurance companies to invest in the revenue bonds of any state or governmental agency if they are legal tender for savings banks.

Permits insurance companies to use funds for the protection of the values of real estate they have acquired.

Increases the amounts insurance companies may loan on real estate up to 66 2/3 percent of the market value.

Insurance companies authorized to take real estate in exchange for other real estate as long as no additional investment of funds is necessary.

Illinois—A bill filed by Senator Keane was passed and referred to the house that clarifies and revises the agents, brokers and company representatives licensing act. It provides the termination date for brokers' licenses be changed from March 1 to Feb. 28, and life agents to May 31.

Michigan—Failure of the Michigan legislature to give immediate effect to the act legalizing the so-called aviation clause is the basis of some complaints from life agents throughout the state. A number say that they have cases lined up which cannot be closed now until 90 days after the final adjournment date of the regular session or about Oct. 1.

Governor Dickinson has signed the measure providing that, barring specific court action to the contrary, a wife's interest as beneficiary in an insurance policy of her husband shall be automatically terminated when a final decree of divorce becomes effective. Under terms of the measure the policy becomes payable to the man's estate.

Massachusetts—House ways and means committee has reported adversely the bill originating from Tax Commissioner Long providing for taxing under the inheritance tax provisions, the proceeds of life, accident and health policies.

Missouri—Both houses have passed a bill permitting insurance companies to sell farm land by accepting a mortgage for the full purchase price. The present law requires a 20 percent down payment.

RECORDS

American Mutual Life—New written business increased nearly 18 percent during the first five months, a gain being shown each month. Ledger assets increased \$481,431 during the first five months. Assets now total \$28,789,337.

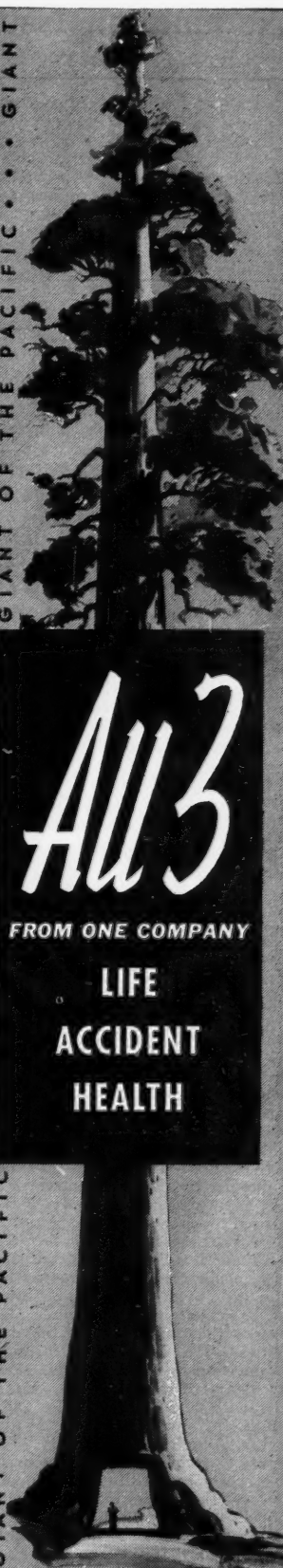
Victory Life, Topeka—It reports that for the first five months its issued business is double that for the same period in 1938. At this time in 1938 there was a gain of 15 percent over 1937.

Equitable Life, Ia.—Paid business totaled \$3,286,976 in May, a gain of \$120,295 over April. The cumulative gain for the year is now \$1,110,087. Iowa for the third successive month led all states. V. C. Ruthemeyer, Cincinnati, was top agent.

Great American Life, San Antonio—The gain in assets as of June 1 is \$182,792. Insurance in force increased \$2,700,000. Renewal premium income gained 25 per cent over a similar period last year. President C. E. Becker predicts that the insurance in force by next March will be \$40,000,000. The cash income since Jan. 1 was \$538,108 up to June 1. This was an increase of 10 percent. Since Jan. 1, 77 new agents have been appointed.

The **Gate City Mutual Life** of Rapid City, S. D., has changed its name to Rushmore Mutual Life.


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Examination Issue Is Chief Topic

(CONTINUED FROM PAGE 3)

sisted of 17 Pullmans, transporting 171 and most of the travelers were in compartments and bed rooms. It was a pleasant trip, with a stop of several hours at Colorado Springs and Salt Lake City. At the latter point Commissioner Neslen of Utah was the host and the entire party was entertained with sight-seeing trips and at a luncheon.

SALT LAKE CITY

The day in Salt Lake City was memorable. The visitors were taken in a procession of 50 cars on a sightseeing trip through the city, ending at the famous Mormon tabernacle where they listened to the daily noon organ recital. Then luncheon was given at Hotel Utah with Commissioner Neslen as toastmaster. The speakers were Mayor Wallace and President H. J. Grant of the Church of Latter Day Saints.

The Salt Lake arrangements had been perfected by Mr. Neslen and the insurance committee of the Salt Lake chamber of commerce of which the chairman is O. Lyle Hiner, Mutual Benefit Health & Accident. Chairman of the reception committee was G. J. Cannon, executive vice-president Beneficial Life. Chairman of the luncheon committee was W. B. Furman, Prudential; transportation, F. E. Walker, Mutual Benefit H. & A.; finance, Fred J. Wagstaff, Mutual Life of New York, retiring president of the Salt Lake City Underwriters Association.

At the luncheon a word of greeting was spoken by John D. Spencer, New York Life, chairman of the program committee. He is a member of the famous Deans Club of Salt Lake City, composed of veteran life insurance workers.

Commissioner Neslen was garbed in the uniform of chaplain of the National Guard, which is in encampment this week. He introduced John M. Wallace as the "next to the best mayor this city has ever had." Mr. Wallace was seated next to Mr. Neslen, who is a former mayor of Salt Lake. Mayor Wallace urged the commissioners to hold their 1940 convention in Salt Lake.

Mr. Neslen made pleasant reference to the fact that Mrs. H. P. Dunham, wife of the vice-president of American Surety, was having a birthday. Mr. Neslen expressed regret that Governor Blood could not be present.

Heber Grant, at the age of 82, a robust speaker, made a humorous talk that won the crowd. Mr. Neslen introduced the chairmen of the various local committees that arranged for the day's activities. He introduced former Utah commissioners John James, now with Occidental Life; John G. McQuarrie, now with Kansas City Life, and E. A. Smith, Jr., now with Pacific Mutual Life in Los Angeles.

Jess G. Read, Oklahoma commissioner and secretary of the National Association of Insurance Commissioners, was introduced and he called upon the commissioners present to take a bow. About 20 were in the room.

Superintendent Pink of New York gave response in behalf of the visitors. He said the vision of the founders of Salt Lake City is what is needed in the country and world today. He commended the relationship of business and spiritual matters in Salt Lake.

Mr. Neslen introduced Commissioner Blackall of Connecticut, making an off-hand remark about "the next president of our organization."

EXAMINATION REPORT

Jess G. Read of Oklahoma, chairman of the examination committee, made a report reviewing the convention examinations conducted under the convention

zone plan from last December to May, 1939, inclusive. During the six months period, 22 states called convention examinations in which 34 states participated. The number of examinations have increased each year since the establishment of the present convention system in June, 1936. Illinois again leads in number of calls for convention examinations. Chairman Reed stated that the zone plan is far better and more satisfactory to the majority of the states than the former desultory method used prior to January, 1937. He finds that the cost is held down through this plan in contradistinction to the individual state examinations. The abuses today, he said, are small when compared with those made by individual states.

The chairman recommended that the zone plan in some form be maintained and when a convention examination is called notice be given at least 30 days in advance of the date when it is started. During the last year, he said, some examinations were called to begin within 10 days and on one occasion seven days. This, he said, is not sufficient time. Furthermore, the chairman recommended that on all committee examinations the chief examiner of the domiciliary state be in full charge, that he direct the procedure and outline the work, that he establish the number of employment hours during the day and he report the shortcomings of any examiner to the offending commissioner's office.

Illinois called nine convention examinations. Connecticut had four, Indiana five, Missouri four, Texas four, Washington five.

Regarding the New York department Ohio, South Dakota and New York participated in the American Surety examination; New York, Georgia, Arkansas and North Dakota in the National Surety; California, Iowa, Alabama and New York in Globe Indemnity; Nebraska, Indiana, Michigan, Louisiana and New York in the Commercial Union group; Virginia, Kentucky, Texas, Utah and New York in the Continental and Fidelity-Phenix Fire.

Secretary Read gave his financial report showing balance a year ago of \$2,250.82, total receipts including balance of \$5,915.57. The outlay was \$3,641.37, leaving a balance of \$2,274.20.

The executive committee of the commissioners as revised to date is composed of: Pink, New York, chairman; Lovejoy, Maine; Moor, District of Columbia; Gough, New Jersey; Williams, Mississippi; Holmes, Montana; Goodcell, California.

Probably the committee on blanks' recommendation for a new gain and loss exhibit will be adopted. It provides for a revenue statement plus an abbreviated actuarial analysis. Although life insurance leaders are not entirely satisfied, they feel it represents distinct progress.

Use of the new exhibit would entail no change in company accounting practices. W. A. Robinson of Ohio is chairman of the blanks committee.

JULIAN GIVES REPORT

Uniform examinations of companies is the subject uppermost in the minds of commissioners, Frank N. Julian, Alabama superintendent, said in his report as association president. The majority have gone on record for uniform convention examinations so that the main problem is uniformity and efficiency in examinations in conformity with the laws governing the states in which the company operates, said Mr. Julian. In commenting upon the plan submitted by Superintendent Pink of New York and the reactions of other commissioners, Mr. Julian said that "we should not lose sight of the fact that the commissioners are expressing the viewpoint of their

states and we should so far as possible, work out a harmonious plan whereby this vexing question will not in future be the cause of irritation and discussion and in some respects the creating of ill will."

Favor Zone System

Mr. Julian said he is thoroughly convinced that the commissioners favor the zone system in examinations and that they will insist that full compliance with the law of the individual states must be had. It must be admitted that the commissioner of one state is just as honest and fair as the commissioner of another. "The commissioner designating an examiner of his own selection has that right under his state's law, and the suggestions that the examiner's compensation should be regulated by this convention is, in effect, saying that the commissioner of the state is not competent to select efficient and trained representatives for his department."

All commissioners should recognize that the authority for employing examiners and fixing the compensation is lodged in the individual state commissioner, Mr. Julian declared. If there are abuses of this system then the home commissioner in charge of such examinations should present the facts to the state affected.

End of Controversy Urged

An end to the controversy was urged by Mr. Julian. Nothing that the convention may do by resolutions can change the state statutes. The use of competent actuarial accountants is not an innovation, he declared. It has been in effect and practice for many years. Practically all states with one exception have made a gesture to adhere to the uniform system and to recognize the zone system as far as possible. Each commissioner believes that his examiner is competent. There is much for and against civil service for examiners, he said.

As a final plea, Mr. Julian hit home with the statement: "Let me say that conditions in eastern fields would seem to emphasize the need for outside states to participate in examinations, for in that section the criticism and attacks on companies and the business of insurance generally are most in evidence."

Public Relations Needed

Many of the problems of the business can be solved by the commissioner urging companies to use all effort for the improvement of public relations and to prescribe rules and regulations, for the better selection and employment of competent agents. The selection of agents is a problem ever before the business as insurance is known by its agents in the field, he said.

To establish good will is the best measure for overcoming unfair and unwarranted propaganda, Mr. Julian said. As a friend of all parties of representation, the commissioner should offer the gospel of better public relations.

Danger in Public Propaganda

The recent criticism of life insurance voiced by representatives of the federal government were pointed to as warnings by Mr. Julian. The real danger of such utterances is the publication of this type of public propaganda, he said. Such developments seem to indicate that the troubles of the companies are not with the state insurance departments, but with the far more powerful federal agencies at Washington.

The unusually heavy claims on disability contracts in force were cited by Mr. Julian as one of the most important subjects to be considered by the life insurance committee. In some cases the extra charge for the contract has not been sufficient for the payments to policyholders. This has resulted in numerous cases of denying the holders of disability contracts equal participation in the dividends allotted in accord with the terms of policies, making for dissatisfaction and litigation.

Many of the companies employ some

claim investigators wholly inexperienced and unfit for reporting on these cases. Mr. Julian pointed to hardships on legitimate claims in smaller communities where neighborhood factions are in evidence and investigations emphasize the opinions of unfriendly individuals. In every case of disability in controversy there should be a careful and painstaking investigation by competent people and the preponderance of medical authority should govern.

Industrial Report Recommended

A careful study of industrial insurance was recommended by Mr. Julian. He suggested that after the investigation a full report be made to refute the attack being levied on industrial insurance at this time.

It is recognized by both the fraternal and the committees that the uniform fraternal act in effect in most of the states needs revision. Mr. Julian expressed the hope that fraternalists and the committee might get together and put forth the need of revision. If fraternal societies are to be given protection and the business is to be continued revision must be had, he declared.

Progress Is Made

Much progress has been made toward protecting the public from unauthorized insurance companies and the postal authorities should be thanked for their cooperation, Mr. Julian said. For the past 12 months the activities of the unauthorized carriers have been revived and special attention to this increased activity was urged by Mr. Julian. Particular attention should be directed to the activities of at least two Illinois casualty companies, an association of Florida and the usual assessment outfits operating in the west. The two Missouri companies that use the mails for solicitation are still operating and Mr. Julian expressed hope that the postal authorities will give attention to this.

NESLEN SPEAKS

SAN FRANCISCO—Commissioner C. C. Neslen of Utah, one of the outstanding officials of the country, a man of great prominence in his city and state, spoke before the National Association of Insurance Commissioners on "Insurance and the Mormon Church." He called attention to the fact that the present presidents of the church is a pioneer in insurance, he being H. J. Grant. He organized a fire company over 40 years ago, which is still a thriving institution. This is the Utah Home Fire. He is also president of the Beneficial Life. A former president of the church, J. R. Clark, Jr., was once ambassador to Mexico. He is a director of the Equitable Life of New York. Several of the quorum of the 12 apostles are insurance company directors. He said that the Mormon church is very friendly to insurance.

There are 25 home companies in Utah including benefit assessment institutions. There are 500,000 people in the state, 80 percent of whom are Mormons.

Church Welfare Plan

Commissioner Neslen spoke especially of the Church Welfare Plan. This organization was created by the Mormon church to take care of those in distress.

Remunerative work must be provided. Projects must be conceived and developed. Funds must be raised and an orderly system of distributing work to unemployed must be devised. The church is so organized that through channels and principles already in use the entire plan may be carried on. The church is divided into more than 100 geographical areas known as "stakes." Within each ward may be found certain organizations to carry on its functions. The church welfare program is operated through these established quorums. A method has been made to place as many as possible of the employable members of needy families in already established industry. Then after that it was the aim to develop work projects on which to employ all those who had not been

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so placed. The projects are supervised by competent construction engineers.

Commissioner Neslen said that the church feels that all its members who are able should work for that which they receive; that they should not in idleness accept doles from any source. During 1938 more than 56,000 members received assistance from the various welfare agencies. They have expended in cash \$1,827,000.

Goodcell Removed as Commissioner

(CONTINUED FROM PAGE 1)

to confirm Jones and Caminetti's name was presented. It was referred to committee and that appointment constituted one of numerous tangles of the final day of the session. Under the California law an appointee holds office until a successor is appointed and confirmed.

The situation was embarrassing not only to Mr. Goodcell but to all of the Californians who have been pointing eagerly for the convention. The visitors took the situation in good grace, but the hosts were chagrined that the convention should be affected by the turn of the local political wheel. The commissioner's brother, Fred Goodcell, has been sending out the convention publicity.

The eastern group had a jolly time on the cross country trek. It was a house party on rails. But they were ready for baths, dinner and a stationary night's rest when they arrived in San Francisco about 7:30 p. m. Tuesday, three hours behind schedule. They had to wait a while longer, however, for those satisfactions and their nerves got somewhat on edge because the baggage was delayed an hour in getting across the bay. The crowd had to stand on the dock that time and when the baggage did arrive there was a great scramble. It was not until after 10 that the last of the party got registered in the hotel.

Difficulties of the Greeters

The San Francisco receptionists had a difficult time Tuesday, as the arrival time of the special was uncertain. After waiting for several hours most of the greeters gave up or else went to the hotel instead of keeping vigil at the dock. Before the arrival of the special, 350 had already registered for the convention, that number, of course, including the local people. Surprisingly little convention talk was heard aboard the special until just a few hours out of San Francisco. Until then the entire attention was on the scenery and sociability reigned.

Interest was manifested in the choice of the next convention city. Memphis, Biloxi and New Orleans are presenting invitations. Considerable sentiment exists in favor of Biloxi and the question arises whether if the meeting is held there it should be the December or the summer convention.

The question of company examinations is on every one's tongue, but if any committee can succeed in reconciling the many theories that exist and compose a program that all hands will espouse it will be a miracle. It is unlikely, however, that the question will produce an eruption. It is being debated today with animation but without the bitterness that has surrounded it for the past year or so.

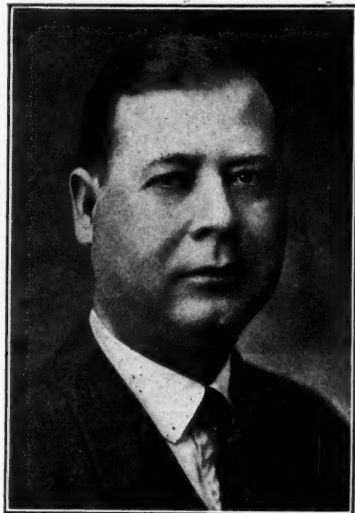
The new crop of commissioners has made a most favorable impression. Some excellent talent is available in such men as Emery of Michigan, Gontrum of Maryland, Lucas of Missouri, Fischer of Iowa, Kavanaugh of Colorado, to name only a few. These newcomers will get their bearings at this convention and be ready for service in a few months.

Tuesday afternoon the local casualty people gave a party at the Claremont Country Club for C. W. Fairchild, William Leslie, J. M. Haines and Martin Lewis.

C. L. U.

Chicago C. L. U. Chapter Elects New Officers

B. H. Groves, Chicago branch manager Travelers, was elected president of the Chicago C.L.U. chapter at the annual meeting. Other officers are: Vice-president, J. D. Moynahan, Metropoli-



B. H. GROVES

tan; secretary-treasurer, R. D. Hinkle, Equitable Society; directors: H. R. Schultz, Mutual of N. Y.; C. E. Smith, Northwestern Mutual; G. D. Wheatley, New England Mutual; holdover directors: L. R. Schaeffer, State Mutual; Agnes C. Schuette, New York Life, and H. G. Walter, Penn Mutual.

The executive committee is composed of the last six presidents, including Paul W. Cook, Mutual Benefit, retiring president; Earl M. Schwemm, Great-West; L. M. Buckley, Provident Mutual; Frederick Bruchholz, New York; W. N. Hiller, Penn Mutual, and F. J. Budinger, Franklin Life.

The chapter has aimed definitely to supply advanced underwriting ideas to members and in other ways to encourage the C.L.U. movement. D. Miley Phipps, Northwestern Mutual, is in charge of review classes at Northwestern University, leading toward the C.L.U. designation.

President Cook reported the largest membership in the chapter's history, and that 96 percent of Chicago C.L.U.'s are "career underwriters." Of 151 men and women who have received the designation there, 124 are actively engaged in the life insurance business in Chicago and 21 have been promoted away from the city. Only six have left the business.

An innovation was an educational series of evening meetings featuring sales methods of successful Chicago C.L.U.'s.

Monk Montreal Chairman

Lyle C. Monk, Canada Life, is the new chairman of the Montreal C. L. U. chapter.

Form Columbus Chapter

A C. L. U. chapter has been organized in Columbus, O., with nine charter members and the following officers: C. W. Griffith, John Hancock, president, B. F. Hadley, Equitable Life, Iowa, vice-president, and C. R. Garvin, Connecticut General, secretary-treasurer.

Gordon Peoria President

The Peoria, Ill., C.L.U. chapter elected Frank Gordon, Union Central Life, president to succeed Morris Landwirth, Massachusetts Mutual. Chester T. Wardwell, Connecticut Mutual, is

vice-president, and W. DeWeese Johnson, Massachusetts Mutual, secretary-treasurer.

Prof. Lester S. Kellogg of the bureau of business research, Ohio State University, spoke at the monthly meeting of the Columbus C. L. U. chapter.

Mrs. Fairchild Displaced in Nebraska Department

LINCOLN, NEB.—Mrs. Mary A. Fairchild, for 25 years with the Nebraska department, of which she was at one time head, has been notified that her services will not be required after July 1. She will be succeeded as chief clerk by H. J. Murray, for six years deputy state treasurer.

Director Smrha said there had been no disturbances in the department, but that it had been concluded that it was for the best interests of all to make the change. Mrs. Fairchild said her removal came without notice or explanation. Members of the legislative committee that investigated the department were somewhat critical in their discussions over the fact that Mrs. Fairchild has a son and a son-in-law in responsible positions with Nebraska companies, but said nothing about it in their findings.

She had represented the Nebraska department at several conventions of the commissioners, and is well known among insurance men. She has an encyclopedic knowledge about companies and policies.

Many Qualify for Convention

Twenty-nine Continental Assurance agents have qualified for memberships in the "2-5-0" and "1-2-0" clubs, W. E. White, vice-president and superintendent of agencies, reported. Leading the entire agency organization again is Maurice C. Chier, of Milwaukee. He qualified last year for the Million Dollar Round Table. Qualifiers for the "2-5-0" Club are to be the company's guests at the San Francisco fair for five days in August. Returning, the party will join the "1-2-0" Club for a three-days sales congress at Spink-Wawasee Hotel, Lake Wawasee, Ind.

Matures Ordinary Life Policy

Mrs. J. A. Lind of 20 Cross street, Omaha, has matured an ordinary life policy in Service Life of Omaha as an endowment. She recently attained the age of 97.

Martin New England Speaker

Stanley E. Martin, Columbus, O., general agent State Mutual Life, spoke before the Vermont, New Hampshire and Maine Life Underwriters' Associations.

NEWS BRIEFS

Northern California agencies of the Pacific Mutual Life are holding a two-day conference in San Francisco June 22-23, with President A. N. Kemp and Vice-president D. C. McEwen in attendance.

George I. Cochran, former president of the old Pacific Mutual Life, who was stricken on the train about a month ago en route to New York and was taken to a hospital in Chicago, is now in the Drake Hotel in that city recuperating.

President Gerard S. Nollen, Bankers Life of Iowa, has appointed W. A. Crowder, Salt Lake City manager, a member of the agency managers advisory committee. He succeeds E. P. Kern, who resigned from the committee on his appointment as assistant superintendent of agencies.

For the fifth consecutive year W. H. Pryor of the Jacobs general agency of Connecticut Mutual Life in Milwaukee has qualified for the company's President's Club. Of all business Mr. Pryor has delivered since 1932, there is still 97.3 percent in force.

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Mortality Study Report Is Made

(CONTINUED FROM PAGE 1)

"9. If modern mortality tables were required for the valuation of policies, a thorough analysis and study of non-forfeiture statutes would be indispensable to such a requirement. Even though the present proposal is to make the use of modern tables permissive, it is desirable that a reasonable relation be established between the valuation standard and the minimum non-forfeiture value requirements. With that in view, the committee has agreed that the minimum non-forfeiture benefits required by law might well be based on the minimum valuation standard required by law instead of the valuation standard established in the policy.

Safety Under Modern Tables

"10. The proper use of mortality tables based on modern insurance company experience for valuation will not impair the safety of companies. Aggregate reserves of well established companies with a normal distribution of business would be increased slightly. The increase would in all probability be less in magnitude than a change in interest rate of as little as one quarter of one percent. The strain of establishing reserves on new issues by companies valuing on the preliminary term method would be relieved during their early policy years after organization to an appreciable extent.

"11. No mortality table which is likely to meet with general acceptance can be regarded as covering the excessive mortality which may arise in a single year as a result of wars or epidemics. Inasmuch as statutory reserves are not available for the purpose, such catastrophes must be met from accumulated surplus funds and contingency reserves built up out of premium margins of earlier years.

"12. The use of a table or tables of mortality based on modern experience will change the incidence of gains and losses as reported in the present form of gain and loss exhibit but only with respect to policies valued on such tables. The use of any table which contains a reasonable margin for mortality contingencies in the rate of mortality will show 'gains from mortality' which will appear redundant to the layman.

Term Criticism Unjustified

"13. The increasing agitation over a period of years on the part of critics of life insurance for the adoption of new mortality tables on the basis that the American Experience table is obsolete, that insurance companies are receiving unconscionable profits through its use and that policyholders are paying an excessive cost for their insurance as a result thereof is unjustified. If no other reason existed, the fact that modifications can be made in existing statutes so as to permit the use of tables based on modern experience without impairing the safety of companies or the interests of policyholders is a sufficient argument for the changes, inasmuch as they would permit companies to operate on a basis which would avoid much of the existing misunderstanding.

Wide Adoption Is Predicted

"On the basis of its studies your committee has concluded that while the need for new mortality tables for valuation purposes is sufficiently important to warrant action by the association, it is also satisfied that such inequities as might develop from the continued use of the American Experience table and the Standard Industrial table are not of sufficient degree to warrant their use being immediately prohibited as statutory valuation standards. The committee is satisfied that the use of tables based on modern mortality experience should be allowed as valuation standards on a permissive basis.

"Your committee is satisfied that if the use of modern tables be generally

permitted, normal evolution in the business will eventually result in their widespread use, provided suitable adjustments are made with respect to surrender charges and the calculation of extended term insurance. This is particularly true of the American Men Ultimate table of mortality, which was constructed as a result of action by this association and where such adjustments are no longer of serious importance."

A model bill was presented to the association with the recommendation it be favorably considered and recommended. This bill, which is designed as a complete valuation law, contains provision for the following:

1. Valuation by the commissioner each year of the outstanding policies and contracts of all authorized companies on the basis of mortality tables and rate of interest approved by him.

2. Approval by the commissioner, for valuation of any specified class of policies, of any mortality table which meets certain requirements: (a) The mortality table must be based on statistics of lives insured under conditions satisfying the commissioner of the suitability of the table to the class or classes of insurance for which it is to be used; (b) The experience must have been compiled by amounts of insurance, cover a period of not less than five years' experience, include not less than 100,000 policy years of experience in each of the important five-year age groups and must exclude the first five years of insurance except in certain sections of the data and in the case of industrial insurance; (c) Approval by the commissioner must not be given earlier than six months after publication of intention to use the table and the name of the company and classes of insurance with which it is to be used.

Other Provisions of Model Bill

3. Specific approval of the American Experience and American Men Ultimate tables for valuation of ordinary policies and the Standard Industrial table for valuation of industrial policies.

4. A requirement that every policy of insurance issued must contain statements of the tables of mortality and rates of interest to be used in computing the reserve to be maintained on the policy and for computing the non-forfeiture values.

5. The use of special tables based on a specified percentage, not more than 130 percent, of the rates of mortality of the table used for calculating the non-forfeiture values, in the computation and valuation of extended insurance benefits granted under ordinary policies when tables based on modern experience are used.

6. The establishment of a deficiency reserve when the gross premium on the policy is less than 100 percent of the net premium in the case of policies valued on the basis of mortality tables now in use, or less than the net premium loaded 5 per cent of itself and 5 per cent of the net premium for a similar ordinary life policy when tables based on experience after 1920 are used.

Commissioners Given Functions

7. Variation of the standards of valuation by the commissioner in the case of industrial insurance, group insurance, sub-standard risks and other special classes of life insurance.

8. The approval by the commissioner of suitable tables for valuation annuities, pure endowments, accidental death benefits and total and permanent disability benefits. Specific approval of minimum standards for each of such benefits, which standards are in accordance with current practice.

9. Maintenance of the present valuation standards on policies already issued and for continuance of any preliminary term or other special valuation method now permitted by law.

The committee recommended estab-

Swamp Chairman



MILLARD R. ORR

The idea, born at Houston, of honoring Dr. S. S. Huebner in Philadelphia during the 1940 convention of the National Association of Life Underwriters has won national acclaim. General Chairman M. R. Orr of the Massachusetts Mutual in Philadelphia has been swamped with letters from all sections endorsing the suggestion as an entirely appropriate manner of honoring one of the greatest life insurance thinkers of the day.

lishment of a standing committee of the association to consider the merits of specific mortality tables proposed from time to time for recommendation to individual commissioners.

The committee members are: Alfred N. Guertin, actuary, New Jersey department, chairman; Charles Hughes, chief of the Audit Bureau, New York department; Lloyd Thomson, actuary, Indiana department; Russell O. Hooker, actuary, Connecticut department; John S. Thompson, vice-president Mutual Benefit Life, representing Actuarial Society of America; Charles A. Taylor, actuary, Life of Virginia, representing the American Institute of Actuaries, and F. Edward Huston, secretary and actuary, American Life Convention, representing the state of Washington department.

Jefferson Standard Agents Hold Rally

(CONTINUED FROM PAGE 4)

the App-A-Week Club: J. T. Blackwood, Huntington, W. Va.; John Cochran, Charlotte, N. C.; Dee Walker, Houston, and S. C. Unsell, Dallas. High tribute was paid to Mr. Ljung for his excellent work.

D. E. Buckner, actuary, was the first speaker the second morning after Col. W. A. Blair, Winston-Salem, gave the invocation. Mr. Buckner spoke on "The Position of the Jefferson Standard," stating approximately \$42,000,000 was invested in first mortgage loans with less than \$17,000 interest past due more than 30 days. The interest rate is the highest of any company, he said. More than \$400,000,000 business is in force. All the directors are stockholders. A new juvenile policy with full benefit given at age 5 was announced.

"The future of a company and its agents depends on programming and individual service," A. L. Roberts, Los Angeles, declared. He described a new programming system adopted by Jefferson Standard, saying it is necessary to work with a client over a period of time,

following each step of the program. It is the service rendered by an agent that makes the difference between insurance bought from a life company and a savings bank, he said.

"How I Capitalize on the Company's No. 1 Standing," was the topic of J. W. Umstead, Jr., Raleigh, N. C. He emphasized the net cost of life insurance protection and analyzed the company's last statement, pointing out its safety and security.

E. S. Reeves, Louisville, spoke on "Life Insurance—the Greatest Cooperative Institution." He urged the agents to know their rate book thoroughly, then service the policyholder and use the heart appeal approach in selling. Greater attention of the home office force, he said, should be paid to advising agents of a policyholder's change of address.

Hold Get-together Breakfast

Afternoons and evenings were given over to sightseeing at the fair and in the city. There was a final get-together breakfast the morning before the convention adjourned. At the opening session O. P. Schnabel of San Antonio introduced G. H. Watson, Wichita Falls, Tex., who presented Karl Ljung a birthday cake on behalf of Texas agents.

Five women agents who produced more than \$1,000,000 last year were honored by Secretary Ljung. They were Mrs. Harriett Archer, Atlanta; Mrs. J. C. Fortune, Dallas; Mrs. Alma Ware Crosby, Houston; Mrs. Edna Tate Mathews, Memphis, and Mrs. John Cox, Goldsboro, N. C. There were three state life underwriters association presidents attending the meeting, R. M. White, Dallas, Tex.; J. L. Benson, Meridian, Miss., and William Andrews, Greensboro, N. C.

O. P. Schnabel Gets Publicity

President Price displayed a copy of the New York "Post" bearing the headlines, "O. P. Schnabel Welcomed to the New York World's Fair." Mr. Schnabel is an inveterate advertiser throughout Texas and his colleagues deemed him worthy of this publicity.

J. M. Bryan, entertainment chairman, was given a vote of thanks for the arrangements. There was a sightseeing cruise up the Hudson river to the George Washington bridge and back, and down the East river to Whitestone Landing, where buses to the fair waited.

The home office contingent included President Price, Vice-president Ralph Price, Secretary Ljung, C. E. Leak and J. M. Bryan, vice-presidents; J. C. Smith, general counsel; L. M. Johnson, treasurer; Actuary Buckner; George Barrier, manager, and George Cavanaugh, assistant manager, mortgage loan department; Vice-president Charles Holderness; Assistant Treasurer Charles Doggett; Charles Weston and Paul White, mortgage loan department; Dr. J. T. Battle; Baine Alexander, underwriter; Sam Wortham, manager home office building; Miss Thelma Bultman, manager claim department, and C. E. Bennett, change division.

"Weekly Underwriter" Men Are Far Afield

L. A. Mack, president of the "Weekly Underwriter," Mrs. Mack and their daughter, and Editor Charles F. Howell and Mrs. Howell accompanied the insurance commissioners' special train from New York to San Francisco this week. The Macks will take a short vacation trip following the meeting. Mr. and Mrs. Howell will go to Los Angeles where Mr. Howell will remain for three weeks and Mrs. Howell a couple of weeks more. They will visit Mrs. Howell's sister. These two officials are celebrating the success of their remarkable 80th anniversary edition that was published a few weeks ago. It was a credit to the literature of insurance and contained a vast amount of factual information. The "Weekly Underwriter" is one of the old time, staid, forthright insurance papers and always gives a good account of itself.

LEGAL RESERVE FRATERNALS

Plans Rounding Out for Detroit Rally

Plans are beginning to round out for the annual convention of the National Fraternal Congress at the Hotel Statler, Detroit, Aug. 14-18. While the program has been blocked in tentatively, no details as yet are forthcoming from President C. L. Biggs, comptroller Macca-bees, and others in charge of arrangements.

At this meeting there will be much more than the usual business sessions. The plans call for a colorful Mardi Gras celebration of the many thousands of fraternalists who are expected to attend; for an International Fraternal Week observance, an innovation this year in addition to the regular National Fraternal Week; for exhibition by drill teams, juvenile camps, etc.; for a number of parades through downtown Detroit, many ceremonials and a multitude of other activities.

Expect Huge Attendance

Detroit will be a Mecca in August for fraternalists from both the United States and Canada. The plans are on a gigantic scale which contemplate attendance of as many as 20,000 fraternalists.

Foster F. Farrell, executive secretary-manager, Chicago, this week sent out reservation cards, early reservations being indicated essential in order to get accommodations because of the turnout that is expected. In addition Mr. Farrell sent a memorandum to member societies enclosing credential forms in duplicate as required by the constitution, so the official poll list of accredited representatives can be printed in time for distribution at the convention.

Mr. Farrell commented that due to the recent reduction of rail fares, no special convention rate is available. However, there is a summer tour rate in effect, which in most cases is cheaper than the former convention rate.

Various Sections to Meet

The Fraternal Managers Association will meet Sunday, Aug. 13, at the Statler. There will, of course, in addition to the general session, be the annual sessions of the various sections, including the Presidents, Medical Directors, Secretaries, Press, Law, State Congresses and Actuaries. In line with custom the Presidents Section probably will hold a joint meeting with the various sections. New officers for all but the Field Managers Association will be elected. The field managers' annual election is held at the spring meeting.

A portion of one day will be devoted to a memorial service in memory of fraternal leaders who died during the year.

Royal League Council Has Quadrennial Session

The Royal League supreme council quadrennial session was held for four days in Chicago. The bylaws were thoroughly revised and are now believed to be the most concise and workable of their kind, adapted to meet modern changing conditions in the life insurance field without weakening the fraternal structure. Reports of officers showed the society in excellent financial condition—actuarial solvency being 100 percent.

Officers elected for the next four

THE WOMEN'S BENEFIT ASSOCIATION

Founded 1893

A Legal Reserve Fraternal Benefit Society
Bina West Miller
Supreme President
Frances D. Partridge
Supreme Secretary
Port Huron, Michigan

years, include: W. F. Traub, head of the order; Fred A. Johnson, second in command and general organizer; H. R. Kent, treasurer, all of Chicago; H. M. Strawn, Cleveland, guide; J. R. Raine, Minneapolis, prelate; Frank Lucas, Kenosha, Wis., warder; W. K. Harrison, medical examiner; Thomas Hoy, chairman finance committee; members of finance committee, James Kerwin and John Enright, all of Chicago.

This was the first supreme council session held since the 25th anniversary of admission of women to the order, and many women who had devoted themselves to pioneer work of the department, and various council leaders were invited to fill the stations of supreme officers as honorary guests. The ladies occupied the chairs and presented all exercises.

Publish A.O.U.W. Souvenir Edition

A splendid history of the A.O.U.W. of North Dakota, illustrated with pictures of the officers and embodying articles on the makeup and operations of the various departments is contained in the June souvenir edition of the A.O.U.W. "Bulletin." There is a separate article on founding of the A.O.U.W. by John Jordan Upchurch Oct. 27, 1868, at Meadville, Pa., illustrated with pictures of the founder, the monument erected to his memory and the three story building where the order was born. Another article covers the extension department and there are pages of pictures of field supervisors and district managers. The disability and junior departments are covered in separate articles. The souvenir edition was printed to be distributed at the grand lodge session which was held June 14. Bradley C. Marks is grand master workman.

Overby Relected President

EAU CLAIRE, WIS.—Peter Overby, Minneapolis, was relected grand president Scandinavian American Fraternity at the triennial grand lodge convention here. The office of vice-president was abolished. Elmer Anderson was relected secretary, and Dr. G. O. Sweum treasure to succeed Albert Nelson. E. D. Brown, Jr., Chicago actuary, discussed fraternal and other life insurance from the standpoint of determining premium rates and similar factors. Fraternal insurance underwriting was the subject of Norton J. Williams, Neenah, Wis., president Equitable Reserve.

Valparaiso Gets Gift

Among the gifts announced at the commencement exercises of Valparaiso (Ind.) University was one of \$3,500 to be made annually by the Aid Association for Lutherans. The gift is to be used for scholarships in the school of business administration.

INDUSTRIAL

Metropolitan's Coast Changes

Ray C. Lessard has been transferred from Salem, Ore., to manager of the Spokane, Wash., district by the Metropolitan Life. He succeeds Otto F. Kuch, who goes to Los Angeles.

Mr. Lessard's Salem office last year was No. 1 of the Metropolitan's 800 in the nation, leading all in "ordinary gain." He joined the Metropolitan in Los Angeles some 12 years ago.

Among those present at a meeting in Spokane to welcome Mr. Lessard were Henry E. North of San Francisco, in charge of 11 western states, and Claude Degler, Seattle auditor.

Enters Intermediate Field

The Conservative Life of South Bend, Ind., announces intermediate policies on

three standard forms. These policies are to be issued in \$500 units and take the same basic values as policies now being issued in the monthly premium department. Premium rates per \$500 are:

Age	Without Disability		20 Year End.	
	Whole Life Ann.	Pay Life Ann.	Life Ann.	Life Ann.
10	\$ 7.07	\$10.56	\$22.18	
15	7.75	11.30	22.29	
20	8.53	12.23	22.35	
25	9.53	13.51	22.45	
30	10.93	15.00	22.64	
35	12.92	16.87	23.15	
40	15.53	19.31	24.15	
45	18.94	22.37	25.79	
50	23.35	26.12	28.23	
55	29.47	...	32.21	
60	38.07	...	...
65	50.36	...	...

Age	With Premium Waiver Disability		20 Year End.	
	Whole Life Ann.	Pay Life Ann.	Life Ann.	Life Ann.
10	\$ 7.34	\$10.78	\$22.52	
15	8.02	11.52	22.63	
20	8.85	12.48	22.73	
25	9.90	13.80	22.87	
30	11.38	15.36	23.14	
35	13.50	17.37	23.80	
40	16.30	20.09	25.10	
45	20.02	23.56	27.15	
50	24.90	27.89	30.14	

Institutes Vacation System

Life of Virginia announces that a vacation system has been introduced for its industrial organization. Every district field representative who has been continuously in the service of Life of Virginia for one year or longer is entitled to one week's vacation in 1939. Every representative whose service covers a period of two years or longer is entitled to more than one week's vacation but in order to get the additional time, he must consult his manager, who shall refer the matter for consideration to H. P. Anderson, Jr., general supervisor of districts at the head office.

Metropolitan Veteran Honored

TORONTO—In honor of his 35 years of service with the Metropolitan Life, a banquet attended by 500 friends was tendered to Peter Bowen, manager of the Toronto Riverdale branch. Among those present were: J. E. Kavanagh, vice-president; F. G. Dunham, general counsel; H. D. Wright, head of the Canadian organization; G. V. Brady, actuary and general manager; F. D. Smith, superintendent of agencies in Canada; E. P. Arnautou, assistant superintendent for Canada.

A. W. Wimberly, superintendent National Life & Accident, was transferred from the Shawnee, Okla., district to Oklahoma City No. 1. He is succeeded by Ted Freutching at Shawnee.

Can't Provide Group Cover

LANSING, MICH.—County road commissions do not have the power to use funds allocated for highway purposes to pay the premiums for group life, health or accident insurance for employees, according to an opinion given by the attorney-general's office to the Oceana county commission. John Pan-chuk, assistant attorney-general, points out that a specific sanction would be necessary to legalize such a diversion of public funds to private uses.

August F. Ehrenberg of the Hazleton, Pa., agency of the Ohio State Life has just completed four years of consecutive weekly production.

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

Founded nearly half a century ago, its assets have mounted to over \$128,000,000.

Its investments are largely in Government, State and Municipal Bonds.

It has paid to beneficiaries over \$258,000,000, and to living members over \$47,000,000.

For each \$100 of reserve and current liability it has assets on hand of the value of \$123.14.

Through prosperity and depression, war and epidemic, its financial strength has paralleled its record of insurance and fraternal service.

It maintains at San Antonio, Texas, an endowed free hospital for members who suffer with tuberculosis. This institution is on the accredited list of the American College of Surgeons.

De E. Bradshaw, Pres. Omaha, Nebr.

SOME

PERTINENT

FACTS ABOUT

Supreme Forest

WOODMEN CIRCLE

• Total Membership.... 132,982

Total Protection... \$107,701,046.00

Written in 1938... 11,629,606.00

Benefits Paid in 1938..... 1,893,522.35

Benefits Paid since Organization in 1895..... 40,445,656.11

Dora Alexander Talley, President
Mamie E. Long, Secretary
Home Office, Omaha, Neb.

PROTECTED HOME CIRCLE

SHARON, PA.

FOUNDED IN 1886

A Legal Reserve Fraternal Insurance Society

S. H. HADLEY Supreme President L. D. LININGER, Supreme Secretary
SHARON, PA.

OPEN TERRITORY

in Michigan, Ohio, Indiana and Illinois

◆ ◆
**FOR MEN WHO CAN PRODUCE
 AND
 ARE AMBITIOUS TO BUILD OWN AGENCY**
 ◆ ◆

Philadelphia Life Insurance Company

Philadelphia, Pennsylvania

The Columbia Life Insurance Co.

Cincinnati, Ohio

36 Years in OHIO, INDIANA, KENTUCKY

All forms of life policies issued—Juvenile one day up, adults, 10 to 75

LIBERAL COMMISSIONS

LONG TIME RENEWALS

Write for particulars: WM. H. WEST, Vice-President

Pure Protection LOW COST Life Insurance

(WHOLE LIFE POLICY)
 No Cash Values

Life Insurance in itself is inexpensive

We are proud of our THIRTY YEAR record of dependable service to our policyholders. During this time the country passed through the GREATEST WAR in history—the GREATEST EPIDEMIC and the GREATEST DEPRESSION. It has never been necessary to borrow money from the government or any other source to meet our obligations.

Attractive proposition to agents and brokers

INTERSTATE RESERVE LIFE INSURANCE COMPANY

10 East Pearson St., Chicago, Ill. • Phone Superior 1714

"THE SUN NEVER SETS ON AN UNPAID CLAIM"

LIFE AGENCY CHANGES

F. C. Pierson Resigns Pittsburgh Post

Dean among life men of western Pennsylvania and for many years a leader in civic activities, F. C. Pierson, Pittsburgh, will retire as manager of the Pittsburgh ordinary agency of the Prudential after 39 years of service. It is not Manager Pierson's intention, however, to withdraw entirely from life insurance.

He signed his first agency contract as a representative of the New York Life in 1893.

Manager Pierson was appointed as general agent for the Prudential in 1900 at Scranton, Pa. In 1902 he was transferred to Pittsburgh as a representative of the comptroller's department, serving for 12 years as agency cashier and special agent. The late C. B. Knight was then manager. In 1914, he became manager at Pittsburgh. He will be succeeded by H. H. Linn, formerly manager of the Prudential's Toledo ordinary agency.

Hundahl Agency Changes

DALLAS—Several changes in the territory of the Dallas branch office of the Mutual Benefit Health & Accident and United Benefit Life, under Ernest Hundahl, have been announced. Charles Herrick returns to New Orleans as district manager, where he started as a salesman. R. C. Carr goes to Lake Charles, La., as manager after nearly 15 years in the Monroe, La., district. O. W. Caudle, who started at Dallas, has been assigned to Monroe. Lewis F. Wakeman, formerly manager in southeastern Oklahoma, has been placed in charge of a newly created district with headquarters at Baton Rouge, La.

Guarantee Mutual Appointments

A. C. Brown of Riverside, Cal., has been appointed general agent for Riverside county by Guarantee Mutual Life. He has been in the general insurance business five years, representing Occidental Life and John Hancock Mutual. Guarantee Mutual has appointed George C. Yates general agent for 22 southeast Idaho counties, with headquarters at Idaho Falls. For the past two years he has been agency manager for Surety Mutual Life Association, Salt Lake City.

Blythe Named at San Antonio

W. J. Blythe has been appointed general agent of the Occidental Life at San Antonio, Tex., with offices at 901 Smith-Young Tower. He graduated from college with a law degree, but never took up the legal profession. He has been for about three years with the Great Southern Life, and was one of its leading producers.

Pierce With Victory Life

D. P. Pierce has been appointed home office general agent of the Victory Life of Topeka. For several years he has been general agent Lincoln National Life at Topeka.

MacGregor New General Agent

H. M. MacGregor, San Antonio branch manager Southland Life before merger of the Gulf States Life with the Southland, and later with the Aetna Life at San Angelo, has been appointed United Fidelity Life general agent at San Antonio, with offices in the Majestic building.

Move Kansas Office to Wichita

The Kansas office of the Mutual Life of New York, established in 1867 in Topeka, is to be moved to Wichita Aug. 1. Manager Percy G. Gibson, who went

to Kansas two years ago, being in charge. Offices will be at 614 Union National Bank building. Earl H. Watson, past president Wichita Life Underwriters Association, who has been district agent in Wichita, will continue as a personal producer. An office and cashier will be continued in Topeka in the New England building, with William Meisinger in charge as city supervisor.

Ragsdales Named in Texas

Frank H. Ragsdale and Frank E. Ragsdale have been appointed general Texas agency managers by the Colorado Life. They will have offices at 305-6 Service Mutual building, Waco, Tex.

Harris to Fidelity Union Life

Dan S. Harris, Arkansas state manager of the Atlas Life for seven years and for the past two years Dallas branch manager Acacia Mutual Life, has joined the home office agency of the Fidelity Union Life as an agent.

Has Six Other Iowa Agencies

In reporting appointment of Bert R. Merrill, Jr., as general agent Mutual Trust Life at Des Moines, the impression was left that he was the only general agent the company had in the state. There are six others who are well established: Sioux City, A. N. Carlson; Fort Dodge, L. H. Minkel; Cedar Rapids, Reed C. Nelson; Keokuk, Lou F. Wood; Cedar Falls, Ivan L. Mast, and Red Oak, Walter F. Peterson.

Alles Buffalo Manager

H. E. Alles, formerly of Detroit, has been appointed manager of the Buffalo office of the Fidelity Mutual Life. He succeeds William A. Foote.

NEWS BRIEFS

Lyman E. King, former president of the Kansas Life Underwriters Association who left the New England Mutual at Topeka last June to represent the company in Dallas, has now joined the A. C. Prendergast & Co. agency of the Connecticut General in Dallas as a producer.

Harry A. Hollister has been appointed district manager at Sherman, Tex., for the Equitable Society. He will supervise eight countries, with headquarters in 404 Merchants & Planters Bank building.

Craig G. Kennedy, former associate general agent of the Northwestern Mutual in Wichita, Kan., has resigned and moved to Oakland, Cal.

T. M. Sharp has become associate general agent in charge of the life department of the Kern Insurance Agency, St. Louis general agent American United Life.

Hartford Joint Meeting

HARTFORD—At the annual joint meeting of the General Agents & Managers Association and the Life Supervisors Association of Hartford, V. B. Coffin, agency vice-president of the Connecticut Mutual, was principal speaker. W. W. Hartshorn, president of the general agents group, who were hosts to the supervisors, presided. Norman Smyth, newly-elected president of the supervisors, was at the head table together with other officers.

Corcoran to Chicago

C. R. Corcoran will on June 15 become home office field assistant for the Manhattan Life in the midwestern territory, with headquarters in Chicago. Starting as a clerk in the actuarial department in 1928, Mr. Corcoran some years later was appointed manager of the new business department, and a member of the risk committee. He became field assistant in January, 1938.

Sales Ideas and Suggestions

Tax Saving Opportunities Pointed Out by Attorney

CINCINNATI.—Current tax problems and tax advantages of life insurance were pointed out by David Stock, New York attorney, in a talk on "Some Fundamental Tax Problems Facing the Policyholder" before the Cincinnati Life Underwriters Association. Mr. Stock was introduced by Abner Thorp, Jr., editor Diamond Life Bulletins.

Many of the present day tax bases, Mr. Stock stated, are on shifting sands. "We know pretty definitely what we can do and what we can't do taxwise, but in the middle, there is a great no man's land of taxation," he said.

Cheapest To Give Away

Life insurance is the cheapest part of the estate to give away. The gift tax is paid only on the value of the policy at the time it is given, Mr. Stock said. Life insurance has a \$40,000 exemption. Insurance in excess of \$40,000 can be assigned at a saving of 14 per cent. For persons in the high income tax brackets it is possible to buy a single premium policy more cheaply than a person in the low brackets. The board of tax appeals has decided that the proceeds of life insurance policies payable in instalments other than the interest income, are exempt from income tax, a tremendously important decision taxwise. Unless beneficiaries are definitely and irrevocably named the tax will have to be paid.

The certain availability of life insurance to pay taxes is one of its greatest advantages for it may save the entire estate from a forced liquidation.

Pay Out of Savings

Mr. Stock showed how it was possible to pay for life insurance from the income tax savings. A man aged 45 worth \$400,000 is liable for \$61,000 federal and state inheritance taxes at his death. He can give away \$150,000 to his wife and children by the payment of an \$8,500 gift tax. Then he can take out \$35,000 additional life insurance to cover both the gift tax and estate tax, the insurance costing him approximately \$1,500 a year. On a \$37,000 income he would pay approximately \$7,475 income tax and his savings in income tax would be approximately \$1,500.

Charitable bequests may be taken credit for up to 15 per cent on income tax. An individual with a \$100,000 income can deduct up to \$15,000 for charitable bequests. An annuity can be purchased in this case to cover income given away to charity. For example, at age 55, the individual can buy an annuity for \$8,700 which will cover the income he had given away.

Recommends Annuity Provisions

Mr. Stock recommends the use of annuity provisions in trusts providing that a fixed amount be paid annually rather than that the beneficiary receive the interest. Such a fixed amount is not taxable. A deferred income, he said, is preferable to a fixed annuity.

Tax savings may be made in the use of option agreements for the option may provide that the partner's interest at his death may be purchased by the other partner at an amount agreed upon at the time the option was made which would be considerably less than at the time of the partner's death. The tax would be paid only upon the fair amount of the business at the time the option was given. Fifteen to 18 months should be given in which to exercise the option.

No gift or income tax need be paid if an irrevocable trust is set up.

The Supreme Court recently decided that two states could impose inheritance tax on intangible property. The court went out of its way to state that stock should be taxed in both the state of domicile and the state of incorporation. The decision revised the old problem of the multiplicity of state taxation, Mr. Stock said. With the present set up of the Supreme Court, Mr. Stock said that he would not be surprised if many previous decisions would be reversed since the balance of power has now turned the other way.

The United States court of claims in the Bailey case, May 29, held that the

proceeds of an assigned policy is part of an assured's estate.

G. J. Woodward, Equitable Society, president of the association, awarded trophies for outstanding work in the local community chest fund campaign to T. W. Evans, Massachusetts Mutual, largest increase in quota, and H. O. Schatz, New England Mutual, for best all around performance. Honor guests at the speakers table were men who had been in the life insurance business 50 years or more. At the table were W. A. R. Bruehl, Home Life of New York, who entered the business in 1882, and L. B. Dierkes, New York Life, who entered the business in 1887. J. W. Mackelfresh, Penn Mutual, who observed his 50th anniversary this year, was unable to be present because of illness. S. P. Ellis, Provident Mutual, will observe his 50th anniversary shortly. Mr. Woodward introduced the new officers of the association. J. C. Sebastian, Union Central, the new president of the association, took the chair.

Direct Mail Is Great Stimulus to Agents, Theiss Says

"If an agency uses direct mail to stimulate salesmen, the effort must be consistent and persistent," A. W. Theiss, sales promotion manager Ohio National Life, declared in a talk "How to Use Direct Mail as a Salesman's Stimulant," at the convention of the Advertising Federation of America in New York City. Direct mail, Mr. Theiss said, permeates the salesman with the white heat of enthusiasm, which is the greatest asset in the world. "It beats money, power, and influence," he said.

Direct mail is the shortest distance between the two points of the salesman and the company. There is no lost energy between the time the direct mail is planned and the time it reaches the sales force.

Benefits of Direct Mail

Direct mail permits the personalization of the message, provides opportunity for showmanship, and makes it possible to use a fuller, more novel, highly illustrated medium for telling the message to the salesmen so that they are stimulated to greater production effort.

Men seldom work only for the monetary value of a job, and it is the little prizes that they will really work hard for. Direct mail permits the presentation of prize campaigns more appealingly than any other method.

In addition to direct mail in the use of major production campaigns regularly, the Ohio National sends out regular mailings of the standings of salesmen at the end of every month, giving each man a graphic picture of his competitive performance. A consistent gain in production has been shown each year in spite of the experience of the industry as a whole. Mr. Theiss attributed this to consistent persistent use of direct mail.

Increased Agents Production

Direct mail, he said, was largely responsible for increasing the production and incidentally commission earnings of salesmen who qualified for the various production clubs in the past few years. For example, in the 1936 Builders club campaign, 61 men paid for \$11,263,568 with an average production of \$184,649 in the qualification period May 1, 1935, to April 10, 1936. Average volume increase per man over the previous calendar year was \$49,816.

In the first Quarter Million Dollar club stag fishing trip in 1938, 26 men qualified with a total production of \$5,349,000 or average production \$205,700. Twenty-three in the previous calendar year produced \$3,945,219 total volume with average production \$171,531.

The Builders Club convention in 1938 qualified 65 men and 29 wives for a total of \$11,404,000 or average production \$175,447 in the qualification year. Fifty-five in the previous calendar year paid for \$7,436,603 average \$135,210 per man.

Average Production Is High

Seventeen men have qualified for the 1939 Quarter Million Dollar club Canadian trip with a total production of \$4,340,000 or average production \$255,325. Fourteen in the calendar year 1937 paid for \$3,145,840; average production \$224,346.

Mr. Theiss said one of the objections raised to contests such as are held by the Ohio National was that a company will qualify only its best men. Ohio National, however, has overcome the objection, by a plan of running smaller contests throughout the year, with rules designed specifically to enable smaller producers to win prizes in reward for their efforts.

He said direct mail has as much appeal to the salesman's family as to him, as evidenced by the number of letters received at the home office from agents' wives who speak of the cooperation they give their husbands in lining up prospects, getting them out of the house in the morning, and seeing that they put in a full day's work, day in and day out. Because of this, prizes awarded in the contests are the type to appeal to both the agent and his wife and family. Stimulation of agents through direct mail requires consistency and persistency and not a hit or miss, fly-by-night shot in the dark.

"When you plan direct mail campaigns intended to stimulate your salesmen, forget the number of names on your mailing list," he said. "Direct mail, in our opinion, is not a matter of mass psychology when applied to salesmen. They are not a mob to be swayed collectively and your direct mail appeal should not be predicated on this theory. If your salesmen are like ours, and I believe they are, remember that they

Summer Is Good Time to Push Life Sales

Summer is one of the best times to push the sales of life insurance, according to J. H. Brennan, Chicago, general agent, Fidelity Mutual Life.

He points out that not only is there less competition, but the accident situation is conducive to strong sales talks. Vacation time brings many cars on the roads and many seek the comfort afforded by swimming or boating on lakes or rivers. Consequently there are many automobile accidents and drownings. These are excellent examples to use in selling.

Furthermore, Mr. Brennan contends vacation time is a good time to sell insurance because people usually desire longer vacations but cannot afford them financially. The agent can point out that life insurance provides a means later on in life.

When Mr. Brennan was a full-time producer, usually his best production was during the summer months. He always made a special effort to have it so to prove that it could be done.

are sensitive, emotional, responsive men in whom the urge to be individualistic is highly developed.

"Your direct mail must cater to that individualism. Visualize your salesman standing before you—one human being full of all the human emotions, even as you and I. He has experienced love, hate, sickness, tragedy, joy and pleasure. He will respond only to direct mail, which has real sales persuasion, based on his emotions, in it. Remember, he wants to feel and of course respond to your enthusiasm and persuasion. Therefore, appeal to him as a human being and not some inanimate machine which grinds out sales for your company."

Ten Contributing Factors Are Pointed Out

"The two controlling factors in writing salary deduction are attitude and action," R. E. Smith of Baltimore told the round table of the convention of John Hancock Mutual general agency leaders. "The psychology and philosophy of all my selling efforts," he said, "are bound up in the theory, 'You can't make them buy, but if you can make them want it, you can't keep them from buying it.'"

Mr. Smith says he has used all of the following approaches with good results: Are you saving any money now?

How would you like to save some money?

If I can show you a plan of systematic saving, where you get a good earning and have life insurance protection beside, would you like to hear about it?

How would you like me to tell you about the new policy or new plan which our company has just developed?

Do you know much about life insurance?

Where is the emphasis in your insurance—on protection or future income?

Many men are setting up a life insurance plan to provide an income to meet the needs of the family as they arise. Would you like to talk with me about such a plan for your family?

When prospects, particularly those of an older age, object that "the rate is too high," here is a commonsense-answer:

"Of course the rate is high. Radium is valuable because there is so little of it. Life is like that; the less there is of it, the more important it is to protect it."

Pink Addresses Life Underwriters of San Francisco

(CONTINUED FROM PAGE 3)

you must maintain with everything that is in you.

"Nor should we be too critical or hostile towards new forms of insurance which develop. We should welcome experiment if it seems to have anything to offer for the public benefit. I am proud that the life underwriters of my own state did not oppose the introduction of savings bank life insurance but objected only to any form of bill which brought the state into active partnership with the bank. They made no objection to savings banks going into insurance for the benefit of the lower income groups so long as the state remained in a supervisory capacity.

Banks No Threat

Savings bank life insurance under proper laws and properly administered offers no real threat to life insurance. It is hoped that it may to some extent bring cheaper insurance to those who now pay by the week. In any event, it broadens the base of insurance and extends the insurance idea to new families and to new prospects. This experiment in the state of New York went into effect only the first of the year. The insurance written indicates that approximately 40 percent of the applicants for savings bank life insurance had no other insurance whatsoever.

It was originally thought that war risk insurance might hurt but instead it proved to be of great help and stimu-

lated the sale of insurance throughout the country. Recently non-profit hospital associations have been organized and have appealed greatly to the public. One organization in New York City has upwards of a million members. This form of organization is about to be extended to the medical field. Strange as it may seem, the non-profit organization has not taken away from the business of the casualty companies but rather has stimulated the sale of policies with medical and hospitalization provisions. More companies are going into this line and the volume of sales is greater.

"The insurance industry was somewhat fearful of social security, unemployment insurance and old age benefits but they too instead of drying up the wells of private insurance have made them flow more abundantly. People securing some protection and security from the government are anxious to get a larger measure on their own initiative.

Rates Evolved Scientifically

The pricing of life insurance is not guesswork. Rates are not drawn out of the skies nor are they determined primarily by any group of men whether the directors of one company or the representatives of many companies. Rates are based upon cost and experience and differ materially in different companies and in the various types of insurance. Even when the initial rate is similar there is nevertheless competition between companies because some pay higher dividends than others depending again in each company upon management and the mortality and income experience.

"The only fixing of rates that I know of is in connection with group insurance, a new branch of the industry, still experimental, and there recommendations are made by representatives of the various companies only for hazardous industries involving about thirty percent of the group business. The so-called "T" or uniform rates for group insurance are fixed for the first year and no other and that is done in order to avoid dangerous competition between companies and to prevent the favoring of one class of policyholders over another. After the first year the cost of group insurance is dependent upon the experience in the particular factory, business or industry covered by the group policy.

"We have passed upon the group rates in our state. We have no adequate staff or facilities for gathering the figures and have to accept the actuarial data given to us by the companies, which is included in the reports of the two leading actuarial societies of the country, but we do have a competent and experienced actuary who passes upon all requests and we are convinced that the initial rates for the first year are reasonable and not excessive."

New York Official Warns of Fee Seekers

(CONTINUED FROM PAGE 3)

prohibitive to many who are beyond this age, term insurance is a poor substitute for regular life or endowment insurance.

"For the advice given, a percentage of the saving shown may be charged by the advisers. It is not hard to understand why such advice was given. Their interest may not only be in the amount of their service fee, but also in the commissions payable on the new insurance written. It can be depended upon that such advice is not always for the best interest of the policyholder."

New Policyholders Magazine

A new policyholders magazine has been launched by the Washington National known as the "Washington National Magazine." It will be used as a door opener, good will promoter and prospect getter, and will contain subject matter of general interest to the entire family.

POLICIES

Provident L. & A. Is Revising Policies

Guaranteed interest on all options has been reduced by Provident Life & Accident from 3½ to 3 percent, effective with life policy contracts dated on and after July 1, and new policy forms have been prepared. The forms are more pleasing typographically, and are of the standard legal size, 8½ by 14 inches. The type matter has been arranged so as to be easy to read, and the text is in simple language more likely to be grasped by a layman.

A feature is provision for policy loans with interest at 5 percent a year payable at the end of the year. A corresponding change has been made in the reinstatement clause and in the provision for change to a higher premium policy. These changes do not affect policies issued previously.

Change Settlement Options

A number of changes have been made in optional methods of settlement. The guaranteed interest for all options is now 3 percent and a more conservative mortality has been assumed for the life income option. New income tables distinguish between male and female lives.

Under the new options, cash surrender value may be applied provided it amounts to \$1,000 or more and the policy has been in force for not less than five years.

The total and permanent disability clause has been liberalized so that disability resulting from aviation is not excluded if the insured is flying as a fare-paying passenger under normal conditions.

New Rate Book Issued by Midland Life

Midland Life of Kansas City has come out with a new rate book effective July 1. For the most part there has been a general revision of rates upward. The new rates on the principal policies are as follows:

Age	Retire. Spec.		Life		Life	
	Spec.	Age	Inc.	20	End. Pd. up	10
	W. L.	65	Pay	Life	65	Age
15	\$12.20	\$16.15	\$20.15	\$15.19	\$13.55	....
20	13.50	18.60	21.75	17.20	14.98	\$ 8.08
25	15.10	21.85	23.75	19.86	16.79	8.33
30	17.20	26.35	26.25	23.71	19.41	8.71
35	20.00	32.70	29.50	29.23	22.79	9.75
40	24.50	42.25	33.50	37.02	27.53	11.88
45	30.30	56.50	38.55	48.00	33.96	15.58
50	37.75	81.05	45.00	....	43.10	21.59
55	47.75	129.85	53.75	....	52.67*	....
60	61.25	....	65.75	....	....	....

*Age 54.

California Association's Program Is Announced

The program for the convention of the California State Life Underwriters Association at Pasadena June 25-27, is:

June 25

Meeting of executive committee, officers and directors.

June 26, Morning

Breakfast.

Welcome, Frank Drew, president Pasadena association. Remarks, J. V. Hines, president State association. Address, Harold Haas, deputy commissioner of California.

Reading of minutes, officers and committee reports.

Caravan (1) North; Caravan (2) South. Luncheon, G. H. Page, president Los Angeles Life Managers Association, chairman. Speaker, J. J. Holmes, Montana commissioner, "The Professional Attitude."

Regular meeting of Los Angeles Managers Association cooperating with state associations, open to members of all associations.

Afternoon

Quarter Million Dollar Round Table Report.

Presentation of charter to J. L. Swain,

Successful Agents on St. Louis Card

While so far the speakers announced for the annual convention of the National Association of Life Underwriters at St. Louis in September have been from outside the business, a number of outstanding life insurance men will be on the program. Ralph G. Engelsman, New York, program chairman, announced this week that two leading producers, G. Gilson Terriberry, agent Mutual Benefit Life, New York, and Philip T. Aubin, agent Connecticut General Life, Chicago, will discuss various phases of the selling process. Other top-flight life agents will be added to the program, Mr. Engelsman said, resulting in a balance of life insurance and business in interpreting the convention theme "The Contribution American Life Insurance Has Made to American Life."

Mr. Terriberry for 11 years has averaged more than \$1,000,000 a year and 84 percent of all the business he has written since 1928 is in force. He joined the staff of the Sales Research Bureau in 1924 in charge of company service work, became assistant manager, then left in 1928 to go with the Beers & De Long Agency (now the DeLong Agency) of the Mutual Benefit Life in New York.

For two of the last four years Mr. Aubin has led the entire field force of his company. He was president of the "President's Club" in its first year of organization, and this year is vice-president. He has completed ten years' continuous membership on the honor roll, and has had 468 weeks of consecutive weekly production. He entered the business with Phoenix Mutual, three years later joining Connecticut General as clerk in the home office, and later being a field auditor. He went to Chicago as cashier and claim adjuster in 1924, and in 1930 became a full-time producer. This year as of June 4 he was sixth in volume and had written 84 applications.

president Northern California Life Underwriters Association, Chico.

Report of committees on cooperation with attorneys and others.

New business.

Submission of changes in by-laws.

Election of officers.

Evening

Dinner-Dance.

June 27

National Association training conference (program for association officers) Roy Ray Roberts, chairman.

Business session Quarter Million Dollar Round Table.

Afternoon

Quarter Million Dollar Round Table program.

1. "Selling Habits," Arthur Deutsch, San Francisco; 2. "Taxation and Estate Planning," Ron Stever, Pasadena; 3. "Business Insurance and Programming," M. L. Scott, Los Angeles.

NEWS BRIEFS

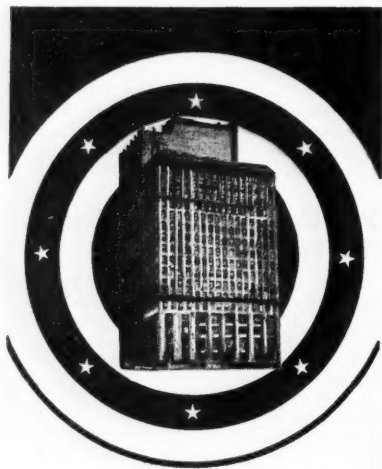
The annual meeting of the Life Office Management Association will be held in the Hotel New Yorker, New York City, Sept. 27-29.

Joe Calloway and Ed Hatch, Fort Worth representatives of the Amicable Life, have been awarded gold watches for continuous membership in the App-a-week Club. Associated with the H. D. Mouzon, Jr., agency, Mr. Hatch had completed 260 weeks of membership and Mr. Calloway 104 weeks.

A Bankers Life of Iowa salesman, V. S. Eagan, won the Business Leaders Association golf tournament in Des Moines.

Thomas B. Leavitt of Akron has been appointed as an auditor in the Ohio insurance department, and Ben D. Worcester of Middletown an examiner.

Ray Marchand, one of the leading producers of the R. L. Hogue agency of the Equitable of Iowa in Los Angeles, has been elected a city commissioner of Alhambra, Cal.



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